



# ***Daily Report***

## **East Asia**

**FBIS-EAS-94-178  
Wednesday  
14 September 1994**

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# Daily Report

## East Asia

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## Japan

### Differences Remain in Japan-U.S. Auto Talks

OW1409120294 Tokyo KYODO in English 1151 GMT  
14 Sep 94

[Text] Tokyo, Sept. 14 KYODO—Japan and the United States failed to completely bridge difference in “framework” talks on auto trade Wednesday [14 September], a Japanese trade ministry official said.

“Discussions were held productively and efficiently, and some progress was made,” the official said of three days of the working-level talks in Tokyo.

He said the two countries discussed a wide range of issues, including how to expand Japanese imports of U.S. auto parts and finished cars, relaxation of auto-related Japanese regulations and problems under the Antimonopoly Law.

“Both sides understand each other’s position but we can’t reach an agreement,” the official said, indicating they are still apart over the most sticking point of how to define “objective criteria” as an instrument to gauge openness of Japan’s markets. But he kept tight-lipped about further details, saying both parties agreed to meet in Washington next week.

Auto trade is one of the three priority sectors of the framework talks along with insurance and government procurement.

During the talks here, Tokyo is believed to have presented compromise plans, including relaxation of rules on replenishment of vital car components such as brakes. But Japan is said to have remained uncommitted to U.S. demand that the government introduce ways to guarantee an increase in Japanese purchases of American autos.

The coming Washington meeting is expected to focus on U.S. assessment of the latest Japanese compromise plans.

### Auto Parts Issue Reviewed

OW1409005994 Tokyo NIHON KEIZAI SHIMBUN in Japanese 13 Sep 94 Morning Edition p 5

[Text] Regarding the auto and auto parts segment of the Japan-U.S. economic framework talks, the concrete contents of the U.S. demand for an improvement aimed at expanding the sales of replacement auto parts have been disclosed. The demand is composed of four items, including easing standards for licensing repairers—who actually purchase replacement parts—and reducing the number of “vital parts that concern safety.” Currently, the replacement of such parts requires a check by government inspectors. It seems that both governments will discuss these issues at the working-level talks which started in Tokyo on 12 September.

Of all the priority areas in the Japan-U.S. framework talks, negotiations in the area of autos and auto parts are having the greatest difficulty. It is possible that the United States will strongly demand that Japan make compromises in the area of replacement auto parts because the government—compared to other problems such as auto distribution—can easily apply its influential power on this issue. In addition to easing the standards for licensing repairers and reducing the number of designated vital parts that concern safety, the United States is asking Japan: 1) Not to apply “inspections for structural changes” on insignificant changes to a vehicle, and; 2) To give guidance to repairers not to discriminate against foreign-made parts.

### Minimal Agreement Urged

OW1409103494 Tokyo KYODO in English 1024 GMT  
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Tatsuro Toyoda, also chairman of the Japan Automobile Manufacturers Association, told a press conference that it would be “appropriate” for the intra-government agreement to be limited to taxation and licensing systems while other issues be worked out by the private sectors in both countries.

Auto and auto parts trade is one of three priority sectors cited under the trade framework talks, agreed last summer as yet another scheme for cutting Japan’s unabated trade surplus with the U.S.

On a proposal that the Japanese auto industry voluntarily set concrete goals for a future increase in the number of imported car dealers, Toyoda said the auto sector “does not hesitate to do so” but doubted such a measure would be effective.

Toyoda added that Japanese automakers are willing to use foreign-made parts only if they meet Japanese standards.

Asked about figures showing that foreign makers’ share of the Japanese auto market topped 10 percent in August, Toyoda said he hopes the U.S. Government and “Big Three” carmakers will appreciate this fact.

### Official: Accord on NTT Procurement ‘Likely’

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[Text] Tokyo, Sept. 14 KYODO—Japan and the United States are likely to reach an agreement next week on procurement of telecom equipment by Nippon Telegraph and Telephone Corp. (NTT), a Foreign Ministry official said Wednesday [14 September].



Tokyo offered proposals to the U.S. to improve procedures in awarding deals on NTT business, the official told a press conference after the two-day working-level meeting on NTT procurement ended here.

The official said the proposals include advance disclosure of product specifications and ways to facilitate foreign companies' access to deals undertaken by NTT subcontractors.

The official said Washington will come up with "some fruitful answer" to the latest Japanese proposals in the next meeting slated for Monday in Washington.

"If everything goes smoothly, an agreement can be announced when Foreign Minister (Yohei) Kono visits Washington next week," the official said.

The U.S. has complained that specifications of Japanese telecom equipment are not compatible with global standards while subcontractors of NTT, like those of major Japanese constructors, do not usually hold competitive auctions.

The latest Japanese proposals fell short of including steps addressing these problems, the official said.

Washington has insisted that NTT procurement be dealt with together with the trade "framework" talks on government procurement. But Japan has rejected the demand, claiming NTT is a private entity and the issue should be taken up under the bilateral pact on NTT procurement.

The procurement pact on NTT, Japan's largest common carrier privatized in 1985, was first concluded in 1980 and has been extended several times, with the current accord valid until 1995. The pact prohibits discriminatory procurement by NTT in favor of domestic suppliers.

#### **Insurance Talks Said To Be in Final Stage**

*OW1409115694 Tokyo KYODO in English 1147 GMT 14 Sep 94*

[Text] Tokyo, Sept. 14 KYODO—Japan and the United States are in the final stage of arranging "minute" points with still no "decisive" steps made toward an agreement in the insurance field under the "framework" trade talks, Japanese officials said Wednesday [14 September].

The two sides are discussing "minute" points toward an agreement on the insurance field, Finance Minister Masayoshi Takemura told reporters. He was referring to working-level talks held in Los Angeles over the weekend, and in Tokyo last Tuesday and Wednesday.

He also acknowledged that the insurance field has progressed better than the other two areas of the three priority sectors—automobiles and auto parts, and procurement of telecommunications and medical equipment by Japan.

At a briefing on the two-day talks in Tokyo, a Finance Ministry official said that there are "no decisive" gaps between Japan and the U.S. compared with the other two areas.

He said the two sides agreed to meet again but a definite date was not set.

After the Los Angeles session, a Japanese negotiator said the talks "have past the 90-percent point to the peak of mountaineering," apparently indicating U.S. acceptance of Japan's compromise offers.

The offers are believed to include a postponement in allowing Japanese life and nonlife insurers to enter the so-called "third sector" of illness, nursing and injuries that combine policies offered by life and nonlife insurers.

The U.S. side has been calling for a five-year deferment, with Japan slated to lift the ban through insurance reform to be submitted to the Diet next year for the first time in five decades.

Foreign firms enjoy a dominant market share in the third sector in Japan but are worried about losing considerably if major Japanese insurers enter the market.

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*OW1409105094 Tokyo KYODO in English 1043 GMT 14 Sep 94*

[Text] Tokyo, Sept. 14 KYODO—Finance Minister Masayoshi Takemura said Wednesday [14 September] he has not promised U.S. Treasury Secretary Lloyd Bentsen to have a three-year period separating tax cuts and a hike under planned comprehensive tax reform by year-end.

Responding to a reporter's question at a news conference, Takemura said he has never given any specific timing for a consumption tax hike to the U.S. side and has never been asked about timing.

Takemura reiterated that the economic situation is the most important factor to decide the schedule for the future tax hike.

"We will continue income tax cuts as long as the business conditions remain sluggish and will implement a tax hike when the economy improves," he said.

Asked whether a two-tier method for multiyear income tax cuts under consideration is against Japan's commitment to continue this year's 20 percent tax cuts worth 5.5 trillion yen beyond next year, Takemura said Tokyo has committed only to the scale and not the contents of the tax cuts.

Japan made the commitment to boost domestic demand as part of efforts to correct its huge trade surplus with the United States.

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Asked whether a two-tier method for multiyear income tax cuts under consideration is against Japan's commitment to continue this year's 20 percent tax cuts worth 5.5 trillion yen beyond next year, Takemura said Tokyo has committed only to the scale and not the contents of the tax cuts.

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with the two-tier method, comprising a unified tax cut and overall reform in the progressive levy system.

"I don't think there will be a big difference in effects on the entire economy" between the two-tier method and a unified tax cut, Takemura said.

#### **Trade Surplus With U.S. Increases in Aug**

*OW1409084394 Tokyo KYODO in English 0818 GMT  
14 Sep 94*

[Text] Tokyo, Sept. 14 KYODO—Japan's merchandise trade surplus fell 18.8 percent in August from a year earlier, posting a yearly decline for the first time in three months, the Finance Ministry said Wednesday [14 September].

The customs-cleared trade surplus in August came to 6.08 billion dollars, with exports up 12.2 percent to 31.26 billion dollars and imports up 23.6 percent to 25.18 billion dollars, the ministry said in a preliminary report.

Mainly contributing to the substantial decline in August trade surplus was a 23.7 percent increase in imports of crude oil amid a strong demand for electricity during the hot summer and higher international market prices, a ministry official said.

Spot imports of five large airplanes also helped decrease trade surplus in August, the official said.

The 18.8 percent yearly fall in trade surplus was the biggest since November 1990, when the surplus dropped 36.5 percent, the official said.

The official said, however, it is difficult to judge from figures for one month whether or not the trend of Japan's trade has changed.

While noting imports in volume terms have steadily increased, the official said the future trend will depend on movements of foreign exchange rates and crude oil prices.

In volume terms, exports rose 7.1 percent from a year before after a 0.7 percent dip in July, while imports jumped 20.7 percent, marking the 16th consecutive month of yearly increases.

The August yen-based trade surplus fell 22.4 percent from a year before for the second straight month of declines, with exports up 6.3 percent and imports up 16.7 percent.

The 22.4 percent drop was also the biggest since November 1990, when the decline was 43.1 percent, the official said.

The politically sensitive surplus with the United States increased in August from a year earlier for the sixth straight month, up 2 percent to 3.49 billion dollars.

The rise was much smaller than the 20 percent growth in July, however, partly due to increased imports from the U.S. of airplanes, automobiles and fishery products such as salmon, the official said.

The trade balance with Asian nations also rose 3.0 percent to 4.01 billion dollars, marking the third straight month of yearly gains, while that with the European Union fell for eight months in a row, down 23.9 percent to 1.07 billion dollars.

In August, the dollar averaged 99.64 yen for exports, up 5.5 percent from 105.15 yen in the same month a year earlier.

The August year-on-year decline in the trade surplus was contrary to forecasts by Tokyo-based economists, who had predicted a moderate rise.

Nobuyuki Saji, a senior economist at Nikko Research Center, said it can be construed as one trend that among notably increasing imports were private consumption goods such as automobiles, clothing and fishery products.

However, Saji expressed doubts about the sustainability of increasing imports, referring to rises in imports of crude oil and airplanes as temporary and special factors in August.

"We have to discount such factors" in judging the trend of Japan's trade surplus, he said.

Regarding economic recovery in Europe, Saji said that Japanese exports to the region in volume terms are expected to turn upwards soon, suggesting a possible rebound in the nation's trade balance.

#### **Kono, Gallucci on DPRK Nuclear Issue Contacts**

*OW1409031394 Tokyo KYODO in English 0300 GMT  
14 Sep 94*

[Text] Tokyo, Sept. 14 KYODO—U.S. Ambassador-at-Large Robert Gallucci and Foreign Minister Yohei Kono on Wednesday [14 September] reconfirmed their commitment to maintaining close contact over problems of offering aid to North Korea for light-water nuclear reactors, Foreign Ministry officials said.

In a 20-minute meeting, Gallucci told Kono the United States wants to consult closely, from the very beginning, with Japan and South Korea in tackling the problems of support for North Korea to replace its graphite-moderated reactors.

Kono agreed that Japan, South Korea and the U.S. should work on the problem as "teammates," the officials said.

Gallucci noted that the three nations should take a united and consistent approach on North Korea's nuclear problem and not show any discord among themselves since it might be taken advantage of by Pyongyang, they said.



Gallucci also apparently briefed Kono about Washington's strategy in the upcoming high-level talks with Pyongyang, resuming Sept. 23.

But the Japanese officials refused to reveal the contents of the U.S. strategy.

#### **U.S. Plane Not Available for Rwanda Mission**

*OW1409114894 Tokyo KYODO in English 1122 GMT 14 Sep 94*

[Text] Tokyo, Sept. 14 KYODO—Japan has given up on plans to charter a C-5 U.S. military transport plane to carry vehicles to Goma, Zaire, to help Rwandan refugees after the United States refused to lend it, a government official said Wednesday [14 September].

Japan has notified the U.S. it will abandon the idea and is instead asking Russia to allow the use of an Antonov transport plane, Deputy Chief Cabinet Secretary Nobuo Ishihara said.

The U.S. initially agreed to lend a C-5 when Shigeru Hatakeyama, vice minister of the Defense Agency, visited there earlier this month but later decided against the idea, saying the runway at Goma airport is not strong enough, Ishihara said.

Japan plans to carry about 80 vehicles including bulldozers and trucks from Chitose Airport in Japan's northernmost main island of Hokkaido to Goma where hundreds of thousands of Rwandan refugees have gathered to escape ethnic cleansing.

The Antonov is one of world's largest transport airplanes with a maximum capacity of 150 tons.

A 470-member contingent from Japan's Self-Defense Forces will begin leaving Japan on Saturday to provide medical and engineering assistance to Rwandan refugees.

#### **Defense Agency Chief Arrives in U.S. 13 Sep**

*OW1409040194 Tokyo KYODO in English 0352 GMT 14 Sep 94*

[Text] Washington, Sept. 13 KYODO—Japan's Defense Agency Director General Tokuichiro Tamazawa arrived at Andrews Air Force base on Tuesday [13 September] for discussions with U.S. Defense Secretary William Perry on U.S.-Japan defense cooperation.

Tamazawa was scheduled to meet with the chairman of the Senate Armed Services Committee, Sam Nunn, on Wednesday, but the meeting was cancelled.

Informed sources said the meeting may have been cancelled because of the U.S. military's escalated involvement in Haiti. President Bill Clinton will make a national address Thursday night to discuss his policy toward Haiti.

Tamazawa is scheduled to return to Japan on Saturday.

#### **Constitution Not 'Sacrificed' for UNSC Seat**

*OW1409042794 Tokyo KYODO in English 0410 GMT 14 Sep 94*

[Text] Tokyo, Sept. 14 KYODO—Japan will not seek permanent membership on the UN Security Council [UNSC] at the sacrifice of the spirit of its pacifist Constitution, the top government spokesman said Wednesday [14 September].

"The UN Charter does not oblige us to do what our Constitution forbids," Chief Cabinet Secretary Kozo Igarashi said at a news conference. It is crystal-clear that we cannot do things that are outside the bounds of our Constitution even if we are asked to."

The remarks came as a follow-up to Igarashi's comments on Tuesday that Japan will not move to win the UN status if its determination not to play a constitutionally prohibited military role is rejected.

Article 9 of Japan's Constitution bars the threat or use of force as a means of settling international disputes.

Foreign Minister Yohei Kono is poised to express Tokyo's desire to play a role as a permanent member of the council within the limits of its Constitution when he addresses the UN General Assembly on Sept. 27.

UN Secretary General Butrus Butrus-Ghali, who left Japan on Wednesday morning after a four-day stay, has repeatedly urged Japan to seek permanent membership on the council, saying the status is not tied to military contributions.

"There is no relationship between the membership in the Security Council and the necessity to participate in peacekeeping operations," he said at a press conference on Tuesday.

Despite the UN chief's assurance, however, there is lingering concern among Japanese people that the country will be compelled to shoulder heavier obligations or play a military role once admitted to the council.

Since the UN inception in 1945, the five victors in World War II—Britain, China, France, the Soviet Union (now Russia) and the United States—have monopolized permanent council membership with veto powers.

In addition to the five permanent members, the UN body has 10 nonpermanent members rotating for two-year terms, chosen according to region.

#### **Murayama Seeks Close Cooperation With PRC**

*OW1409103894 Tokyo KYODO in English 1017 GMT 14 Sep 94*

[Text] Tokyo, Sept. 14 KYODO—Prime Minister Tomichi Murayama on Wednesday [14 September] sought close partnership between Japan and China to ensure stability in the Asia-Pacific region, a Foreign Ministry official said.



The premier made the remark in a meeting with visiting Chinese Education Minister Zhu Kaixuan at his official residence.

Zhu, who is visiting Japan at the invitation of his Japanese counterpart Kaoru Yosano, is reported to have thanked Japan for its past cooperation, particularly in the educational field.

Murayama replied he attaches importance to personnel exchanges in academic, cultural and educational fields to promote mutual understanding with other countries.

While welcoming the deepening of friendly ties between Japan and China, the premier renewed his support for China's economic reform efforts and the open-door policy, the official said.

#### **Russians Without Visas Arrive in Hokkaido**

*OW1409083694 Tokyo KYODO in English 0631 GMT  
14 Sep 94*

[Text] Nemuro, Japan, Sept. 14 KYODO—A group of 70 Russians from three of the four disputed islands arrived in Nemuro Wednesday [14 September] on a six-day tour of Hokkaido, Japan's northernmost main island, as part of a visa-free exchange program.

The Russian group, led by southern Kurile's district chief n. Pokidin, will visit Obihiro and other cities in eastern Hokkaido for dialogue with local residents on ways to improve ties between the islands and Hokkaido and between Russia and Japan.

The Russians came from Kunashiri, Etorofu and Shikotan Islands. These three and the Habomai group of islets are claimed by Japan as its "northern territories" and have been the source of a longstanding dispute between Tokyo and Moscow.

The visit is part of the bilateral visa-free exchange program involving mainly citizens of Hokkaido and the Russian-held islands.

Pokidin later met with Nemuro Mayor Kaiji Oya to congratulate him on his recent reelection victory and discuss Japanese fishing operations in waters off the contested Russian islands, Japanese officials said.

The Russian regional chief in March proposed to the city of Nemuro that Russia allow Japanese fishing operations in the disputed area in return for fees.

Pokidin and Oya agreed during their talks to help implement a new fishing pact in close consultations with both the Japanese and Russian governments, the officials said.

#### **Mitsubishi, Daimler-Benz Agree on Broad Tie-Up**

*OW1409093894 Tokyo KYODO in English 0901 GMT  
14 Sep 94*

[Text] Tokyo, Sept. 14 KYODO—Major Japanese and German business groups Mitsubishi and Daimler-Benz

have agreed to further develop a wide range of joint business activities, including environmental, telecommunications and automobile projects, the Japanese group said Wednesday [14 September].

Under the agreement, Mitsubishi Motors Corp. and Mercedes-Benz ag will start marketing Mitsubishi's 1200 1-ton trucks in South Africa by the end of October, six months ahead of schedule, the Japanese group said.

The two partners embarked on a joint project last November to assemble and sell the Mitsubishi truck through Mercedes-Benz South Africa (MBSA), an affiliate of Mercedes-Benz ag.

The light truck model, named Colt, will be distributed and marketed in South Africa through nearly 120 dealers within MBSA's dealer network, Mitsubishi said.

It said Mitsubishi Electric Corp. and Aeg Daimler-Benz Industrie and Gep, a subsidiary of Aeg, signed a memorandum of understanding to conduct the joint development of software tools to realize a design concept for environment preservation, called design for environment (DFE), or green design.

Both partners will utilize their expertise to jointly develop the DFE software tools that can be used for general product design, the group said.

The announcement said debis advanced communication services (Debis ACS) GmbH, a joint venture established in Dusseldorf on July 1 this year, will start operations from October this year to provide various facsimile transmission services, including simultaneous transmission to multiaddressees via fax broadcast and international one-to-one fax mail service.

It said Germany's fax market is promising and has high potential following the Japanese and U.S. markets.

The joint firm is equally owned by Mitsubishi Corp., a general trading house in the Mitsubishi group and Daimler-Benz Interservices ag.

Mitsubishi said the broad agreement was reached last week at the sixth top-level meeting between the two parties in Nagasaki, southern Japan.

Representing the Japanese party were officials from four Mitsubishi group firms, Mitsubishi Heavy Industries Ltd., Mitsubishi Electric Corp., Mitsubishi Motors Corp. and Mitsubishi Corp.

Daimler-Benz and Mitsubishi Heavy Industries decided to continue a joint research study on the recycling of waste plastics, such as printed circuit boards from electronic equipment, the announcement said.

It said a preliminary feasibility study has been under way under an agreement reached at a meeting in Berlin last November.



The forthcoming study will be a step toward more precise assessment of subjects in technological and environmental areas, and of economic aspects, it said.

#### **MITI To Expand Overseas Investment Insurance**

*OW1409094994 Tokyo NIHON KEIZAI SHIMBUN in Japanese 12 Sep 94 Morning Edition p 3*

[Text] The Ministry of International Trade and Industry [MITI] will help boost overseas investment by Japanese companies by expanding the fields covered by overseas investment insurance. Current overseas investment insurance only covers wars and natural disasters. MITI plans to widen the coverage to include changes in foreign government policy. The plan will be announced at a meeting of the Asia-Pacific Economic Cooperation (APEC) to be held in Indonesia in November. MITI has become cautious about underwriting investment insurance since it paid huge insurance money to former Iran-Japan Petrochemical Company (IJPC) in 1991. However, it plans to change this stand when it reviews overseas investment insurance.

Overseas investment insurance is the trade insurance that insures overseas investments and loans by Japanese firms against damage caused by wars, natural disasters, and revolutions. An article of a MITI ordinance stipulates that overseas investment insurance covers wars, revolutions, and "disturbances by foreign governments." In reality, however, coverage is limited to wars and natural disasters.

MITI is to explain what it considers "disturbances by foreign governments" by showing typical of examples in the article. Specifically, it will give 10 cases. They include: 1) A case in which damages are inflicted by lower tariffs resulting from policy changes by foreign governments; and 2) a case in which investment companies are unable to pay dividends because of exchange restrictions. MITI also intends to disclose insurance rates which will be determined according to the degree of risks, as well as standards for assessing insurance money.

MITI has already approached major trading companies and plant manufacturers for their views on the overseas investment insurance revision. After gathering their views, MITI will draw up the outline of the revision in October and carry it out in November.

In 1991, MITI paid insurance totaling 77.7 billion yen to IJPC, a joint venture formed between the Mitsui Group and the Iranian Government. Since then, it has become cautious about underwriting insurance for investments in foreign countries except for Russia and East Europe. By expanding the coverage of trade insurance, MITI will boost Japanese companies' investments in Asia and the Middle East.

MITI has so far accepted overseas investment insurance worth 175 billion yen. In recent years, investments in

Latin America, East Europe, and Russia account for 60 to 70 percent of all investments subject to overseas investment insurance.

#### **Murayama: Tax Reforms To Stimulate Economy**

*OW1409062694 Tokyo KYODO in English 0559 GMT 14 Sep 94*

[Text] Tokyo, Sept. 14 KYODO—Prime Minister Tomiichi Murayama told business leaders on Wednesday [14 September] the proposed tax reform is designed to stimulate the domestic economy and to cope with Japan's aging society, officials said.

Murayama added the government will carry out the reform "in a democratic way" to reflect the voices of taxpayers, they said.

The prime minister made the remarks at a meeting with a group of business leaders led by Katsuhiko Utada, honorary chairman of Ajinomoto Co., the officials said.

It was the third breakfast session between Murayama and business executives since his coming to power in August.

Some business representatives called for income tax cuts in tandem with a consumption tax hike, the officials said.

#### **Panel To Urge Consumption Tax Hike to 5 Percent**

*OW1409145494 Tokyo KYODO in English 1438 GMT 14 Sep 94*

[Text] Tokyo, Sept. 14 KYODO—A ruling coalition project team on tax reforms will propose the consumption tax rate be raised to 5 percent from the present 3 percent starting in April 1996, coalition sources said Wednesday [14 September].

In a tax reform outline to be completed as early as Monday, the project team will also call for permanent tax cuts totaling 3.5 trillion yen a year.

According to a draft outline, the project team also will urge that the tax cuts and a raise in the sales tax be included in a package of tax reform bills.

The team, headed by Ichiro Hino, who chairs a tax council of the Social Democratic Party (SDP), has determined the scale of multiyear tax cuts at 3.5 trillion yen—a 2.5 trillion income tax cut and a 1 trillion yen residential tax cut. For the next fiscal year starting next April 1, tax cuts worth 5.5 trillion yen, the same as this fiscal year, will be maintained.

On the proposed raise in the consumption tax, the outline allows for revision of the size of the hike and leaves alive the possibility of an additional increase in the tax rate from 5 percent in the future.



The sources said the timing of the tax hike may be delayed to April 1997 because of the promise on a three-year interval between the tax cuts and hike the former government under then Prime Minister Morihiro Hosokawa made to the United States.

The draft outline also will propose cuts in the consumption tax privileges for small businesses, a hike in the minimum taxable income to reduce tax burdens of lower-income earners and the start of debate on introduction of a taxpayer-numbering system aimed at a fairer taxation system.

#### **Top Business Leader Opposes Net Tax Raise**

*OW1409011094 Tokyo KYODO in English 0049 GMT 14 Sep 94*

[Text] Tokyo, Sept. 14 KYODO—A top business leader voiced opposition Wednesday [14 September] to any net tax raise under tax reforms being discussed by the government.

Kosaku Inaba, chairman of the Japan Chamber of Commerce and Industry, told a general meeting that tax reforms should be considered to ensure that any future tax hike would be neutral to a planned 5.5 trillion yen tax cut next year.

Inaba made the comments as the ruling coalition is debating how to finance the proposed tax cut, with a future raise in the 3 percent consumption tax high on the agenda.

Inaba said any consumption tax rate hike should be implemented after an economic recovery and appealed to the government to maintain preferential steps taken to help small and medium-sized businesses reduce their burden of consumption tax payments. The chamber mainly consists of small and medium-sized companies.

Turning to the state of the economy, Inaba said the situation is such that he cannot feel confident about economic recovery in view of the yen's rapid advance in currency markets.

#### **Base Lending Rate Raised to 4.9 Percent**

*OW1409041694 Tokyo KYODO in English 0349 GMT 14 Sep 94*

[Text] Tokyo, Sept. 14 KYODO—Four government-affiliated financial institutions Wednesday [14 September] raised their base lending rate by 0.2 percentage points to 4.9 percent a year, the Finance Ministry announced.

It was the second straight month of hikes, following a similar rise effective the same day in the private long-term prime lending rate, which commercial banks charge on loans of one year or longer to their most creditworthy corporate customers, the ministry said.

The four are the People's Finance Corp., Small Business Finance Corp., Hokkaido and Tohoku Development Corp. and Environmental Sanitation Business Finance Corp., it said.

#### **Ozawa Denies Making Reported Remarks on Kaifu**

*OW1409013094 Tokyo MAINICHI SHIMBUN in Japanese 10 Sep 94 Morning Edition p 2*

[Text] A JIJI PRESS reporter who had covered the Takeshita faction of the Liberal Democratic Party [LDP] publicized off-the-record remarks by Ichiro Ozawa, secretary general of Shinseito [Japan Renewal Party], in the October issue of BUNGEI SHUNJU. Ozawa, however, has denied the report in a news conference held at the Diet building on 9 September, saying, "I did not make the remarks (as written in this article)." Regarding the possible effects on a plan to establish the New-New Party, which the former ruling coalition forces have been aiming for, he refrained from making a clear comment, and merely said: "Only you (reporters) think that there would be some effects."

The notes made public carry Ozawa's remarks, made during his days as LDP secretary general, concerning several persons. For example, he reportedly said: "Toshiki Kaifu, (then prime minister), is actually a fool. Sosuke Uno, the (predecessor of Kaifu), is better than him." Various conjectures have been formed on the fact that the notes were made public after Shinseito had become an opposition party, and when formation of the New-New Party is reaching its final stage.

When asked whether he had really said Kaifu was a fool, Ozawa said: "I did not say so. Please confirm it to the person who wrote the article." He then said: "Basically, I always make consistent remarks in any interview. It is regrettable that reporters intentionally pounce on the tails of my words. What I tell reporters in informal talks is exactly the same as what I did while walking along with them." He thus stressed that making consistent remarks in any occasion is his basic creed.

As to whether the announcement of Akira Yamagishi, chairman of Rengo [Japanese Trade Union Confederation], on his intention to resign his post would affect the formation of the New-New Party, Ozawa said: "From my personal viewpoint, his announcement has nothing to do with the New-New Party. In other words, it will have no effect on the New-New Party."

#### **Ozawa Hopes To Be Ready for New Party by 23 Sep**

*OW1409111494 Tokyo KYODO in English 1048 GMT 14 Sep 94*

[Text] Tokyo, Sept. 14 KYODO—Ichiro Ozawa, the top opposition strategist, said Wednesday [14 September] 10 opposition parties and groups should be completing



preparations for the establishment of a new party to rival the current ruling three-party coalition by Sept. 23, party sources said.

He referred to an agreement among the opposition forces that they should form a new large parliamentary group and set up an interparty panel to prepare for their merger by the time an extraordinary Diet session is expected to convene on September 30.

Ozawa, secretary general of Shinseito [Japan Renewal Party] which is led by former Prime Minister Tsutomu Hata, told a meeting of party executives, "we should do our best so that we can have some prospects for a new party by Sept. 23," they said. Hata said last week that a new party should come into existence by the end of October.

The opposition forces have already agreed on the basic principles of the intended new party and are drafting its policies.

Ozawa has been one of the most eager advocates for the merger of opposition forces to form a new party since a former ruling coalition led by Hata surrendered power in late June to the current coalition government of Prime Minister Tomiichi Murayama.

The meeting of Shinseito executives, on the other hand, decided to urge the Murayama government to hold a meeting between Foreign Minister Yohei Kono and an opposition party leader before Kono speaks at a United Nations General Assembly in late September, the sources said.

Shinseito will also ask the ruling coalition to allow an opposition member to be vice speaker of the House of Representatives. Currently, both the lower house speaker and vice speaker are from the ruling camp.

Kansei Nakano, secretary general of the Democratic Socialist Party, one of the 10 opposition parties and groups, said Wednesday the establishment of an interparty panel to prepare for the proposed new party may be later than initially planned.

The likely period for the panel's inauguration would be in late September or early October because there is still some work left to do despite an opposition agreement to set it up by the time an extraordinary Diet session is expected to be convened at the end of the month, Nakano said.

He met reporters after a meeting of officials from the 10 opposition forces to discuss their merger.

#### \* Ichiro Ozawa's Political Power Examined

942A0565 Tokyo SEIKAI in Japanese Aug 94 pp 24-29

[Article by Shiro Daimon, political journalist: "Ichiro Ozawa, 'Politician Extraordinaire,' and Money"]

[Text] "Go after Ichiro Ozawa!" That is the watchword currently sent out to all the media. However, Ozawa, who

has served under bosses like Kakuei Tanaka, Noboru Takeshita, and Shin Kanemaru who fell from power because of 'money,' has learned from their bad examples, and it is difficult to track down his weaknesses. Nonetheless, it is a fact that the "rumors" spread by the gossips in Nagata-cho cannot be ignored. Ozawa who has brought Daisaku Ikeda [Soka Gakkai] over to his side and has controlled construction and military affairs is said to be seeking to wrest all of the Liberal Democratic Party [LDP] special interests.

#### Soka Gakkai Members Buy Up Blueprint for Building a New Japan

Secretary General Ichiro Ozawa, who is regarded as the real "owner" of Shinseito [Japan Renewal Party], is reported to be busy collecting political funds with the coming general election and expansion of his organization in mind. The reason is that, in order to also prepare conditions for the allocation of a full grant of subsidies under the Political Party Subsidy Act enacted in conjunction with the small electoral district/parallel representation system, it is necessary to secure contributions from supporting companies and organizations. The coming general election is an ideal occasion for a display of Ozawa's reputed "extraordinary skill" in political funds procurement.

When Shinseito was formed before the 18 June 1993 general election, it was rumored in Nagata-cho that "Ichiro Ozawa has joined hands with Chairman Emeritus Daisaku Ikeda of Soka Gakkai and has received an offer of 60 billion yen in funds." Although there was no evidence, it was the subject of conversation for a while as a "likely episode." In addition, a part of the media is still engrossed in pursuing information to "pin him down."

However, more realistic aspects are the volume of sales and the amount of royalties from Ozawa's book, *Blueprint for Building a New Japan* (by Kodansha). The book explains Ozawa's "Japan renewal vision." It was published in May 1993 and sales grew sharply after the historical defeat of the LDP in the general election, becoming a bestseller with nearly 650,000 copies sold. Although sales subsequently slowed down, it continues to sell well, and is expected to exceed the sale of 900,000 copies of *A Plan for Reconstruction of the Japanese Archipelago* [Nippon retto kaizo ron] published by Kakuei Tanaka, Ichiro Ozawa's political mentor.

The fact is that, of the 650,000 copies reportedly sold, 430,000 copies were reportedly bought up by active members of the Soka Gakkai. Instead of offering political funds directly to Ozawa, they could ultimately fatten his purse and provide better support by buying up his book and enabling him to receive royalties.

The book costs 1,500 yen per copy, of which 10 percent, 150 yen, is paid to Ozawa as royalty. It means a total revenue of 97.5 million yen in royalties. The royalties from the 430,000 copies bought up by the Soka Gakkai members adds up to 64.5 million yen.



The result is a political contribution in this amount provided as "individual contributions."

In any case, given the 18 million members of the mammoth Soka Gakkai, such a feat is a "piece of cake."

Thanks to his bestseller, Ozawa's income in 1993 zoomed, and he is ranked at the top in the list of income for politicians.

#### **"What Is Wrong With Receiving Support From General Contractors?"**

Ichiro Ozawa's exceptional skill in gathering political funds is notorious. To put it frankly, he is the "intimidating type." He marches straight up to the top managers of the companies and thrusts the "dagger" of a noble cause at them, declaring, "I want you to contribute to the defense of liberalism." It is said that few managers dare refuse when they are glared at through those narrow eyes.

According to the political funds revenue report by the "Ichiro Ozawa Political-Economic Study Group" (Tetsuo Sato, representative; Norikichi Okubo, chief accountant; Ko Mizoguchi, accounting affairs; main office, Tokyo), which is submitted to the Ministry of Home Affairs under the political funds control act, the revenues totaled 8 million yen in FY91 and 19.46 million yen in FY92. The chief sources were "corporations and other organizations." Of course, the breakdown is unclear because the incoming and outgoing sums are not spelled out.

However, the sources of Ichiro Ozawa's political funds go deep. Given the fact that his mentor is Shin Kanemaru, former LDP vice president who controlled not only the construction special interests, but also the transportation interests, posts/telecommunications interests, and defense interests, and the fact that he is viewed as the successor to the Kanemaru interests, his range of special interests is broad.

Regarding the construction interests related to public works projects, which reach 40 trillion yen including both central and local regions, first of all, Ozawa has complete control of the construction industry in his home electoral district in Iwate Prefecture.

Ichiro Ozawa wields tremendous influence over public works projects in Iwate Prefecture. The name of his local support organization, the "Dosho Club," was taken from the prefectural flower and tree, and the principal members of the club are the Kajima, Shimizu, and Taisei general contracting firms.

There are also support organizations from the construction industry including the "Ken-no-kai," the "Ikken-kai," and the "Ikkankai," which is a corporate support group as well as a friendly discussion group in the environs of Kitagami City.

In the general election of 18 July 1993, the manager of Kajima's Morioka office served as the general supervisor, the manager of the Taisei firm as the election

policy headquarters director, and the managers of the Shimizu and Hazama companies as the election policy assistant directors. Also, 24 general contractor companies and one local company formed the election policy headquarters for Ichiro Ozawa, that is, his election campaign was backed by all local general contractors.

Due to the local problems of donations from Kajima and support from the general contractor groups, in addition to violation of the public employees election act by the Nittoku company, Ichiro Ozawa was pilloried for a while.

During the 18 July 1993 general election, it was disclosed that Ozawa had received a contribution from a general contractor with orders for public works projects, and he revised his report on political fund revenues. It was a contribution from Kajima.

The 10 million yen in political funds from Hazama was said to be related to the Hinata Dam project, which raised suspicions. The 1 million yen donation from Nittoku was reportedly a "Hinata token of appreciation" related to the construction of the Hinata Dam in Iwate Prefecture. Ozawa is said to have had a hand also in the construction of the Tanzawa Dam in Iwate Prefecture.

Regarding his association with the general contractors in his electoral district, Ozawa replied in an interview with IWATE NIPPO immediately after the sudden death of his former secretary, confidant, and safekeeper on 27 December 1993, as follows. "What is wrong with receiving support and an offer of funds?"

In Tokyo, Representative Ozawa as the boss of the Shinseito was regarded as the central figure in the general contractors scandal. The name of Ichiro Ozawa as a former LDP secretary general was also mentioned among the politicians involved in the scandal.

The general contractors scandal arose within the cozy political, financial, and bureaucratic structure that has exploited 40 trillion yen worth of public works investment annually.

The major general contractors have contributed to specific politicians with powerful influence. There was suspicion that perhaps Ichiro Ozawa was included among them.

Vice President Kiyoyama of Kajima admitted giving 5 million yen to Ozawa in December 1992, indicating a part of what was going on. Kajima reportedly donated 5 million yen each at the midyear and yearend.

Ichiro Ozawa is also ranked in the A-class on the Shimizu firm's contribution list.

In the Shimizu list scooped by MAINICHI SHIMBUN (on 26 March 1993), he is included in the A-class with former Prime Minister Yasuhiro Nakasone, former Prime Minister Kiichi Miyazawa, former Foreign Minister Michio Watanabe, and Hiroshi Mitsuzuka, former LDP Political Affairs Research Council Chairman.



Incidentally, the special A-class includes former Vice President Shin Kanemaru and former Prime Minister Noboru Takeshita.

The B-class includes former Prime Minister Toshiki Kaifu, former Justice Minister Masaharu Gotoda, former LDP Secretary General Seiroku Kajiyama, former Construction Minister Kishiro Nakamura, former Chief Cabinet Secretary Keigo Obuchi, former Prime Minister Tsutomu Hata, former Chief Cabinet Secretary Koichi Kato, former Labor Minister Toshio Yamaguchi, former Construction Minister Taku Yamazaki, former MITI Minister Kozo Watanabe, and former Construction Minister Takami Eto.

There was a 5 million yen contribution from Kajima.

Midyear and yearend donations of 5 million yen each were made to those ranked in the A-class on the Shimizu list.

On the Hazama books was reportedly 10 million yen donated to Ichiro Ozawa.

Incidentally, former Construction Minister Kishiro Nakamura, who was arrested on 11 March 1994 by the Tokyo District Prosecutors Office in connection with the general contractors scandal, is said to be a confidant of Shin Kanemaru and Ichiro Ozawa.

After Shin Kanemaru—who had controlled the construction, posts and telecommunications, and defense special interests—fell from power in connection with a huge amount of tax evasion and retired from politics, Nakamura was appointed chairman of the LDP road survey committee and inherited the construction special interests.

When Ichiro Ozawa formed Shinseito, Nakamura remained with the LDP as the leader of the "anti-Ozawa" faction and split with Ozawa.

#### **"John Manjiro Airport"—New Vested Interests?**

Regarding the disclosure of 500 million yen in secret donations related to transportation special interests received by Shin Kanemaru (former LDP Vice President) from the Tokyo Sagawa Kyubin Company, Ichiro Ozawa, the attorney for former President Watanabe, (the late) Chairman Rekiji Kobari of the Fukushima Kotsu (transport) company and Masahisa Ikuhara (Shin Kanemaru's former secretary) met at a Tokyo hotel to discuss countermeasures. It was the so-called "meeting of the four on the Kanemaru 500 million yen." At this meeting, Ichiro Ozawa remarked: "We only obeyed chairman Kanemaru's instructions, and did not know the purpose or the content of the meeting. There was no countermeasure on behalf of chairman Kanemaru." However, the truth remains in the dark.

Regarding the control of defense special interests, Ichiro Ozawa is now in an indisputable position as the "don of the defense zoku." He has completely taken over Shin Kanemaru's vested interests.

It is his post as chairman of the "Japan Strategy Research Center" that symbolizes his position as the don of the defense system. The center was established by Shin Kanemaru. The purpose was to link the top class of uniformed Self-Defense Forces officers with the defense industry, including Mitsubishi Heavy Industries and Kawasaki Industries, and to control the defense budget.

In 1993, Ichiro Ozawa and Shigeto Nagano assumed the posts of chairman and chief director of the board of directors respectively.

When the emergency legislation became a major issue during the Fukuda administration, former Justice Minister Shigeto Nagano as the Ground Self-Defense Force chief-of-staff found himself at the center of emergency legislation studies.

Due to his statement about the so-called "Nanjing Massacre" by the Japanese Army in China during World War II, upper house member Nagano was forced to resign. Ichiro Ozawa's name was on a list of sponsors that included (then) Prime Minister Tsutomu Hata at a party to collect political funds for Nagano.

The party was held on 20 June 1994 at a hotel in Tokyo.

Noteworthy among the sponsors were Chairman Yotaro Iida of Mitsubishi Heavy Industries, former chairman of Keidanren [Federation of Economic Organizations] Gaishi Hiraiwa, and former Chairman Ryuzo Seshima of Itochu.

Chairman Yotaro Iida of Mitsubishi Heavy Industries reportedly promised to "cooperate fully" when Nagano, who was expected to succeed Minoru Genda—the hero of Pearl Harbor—as upper house member came to visit him about his candidacy, and it became a lively topic at the time.

Ichiro Ozawa is also connected with huge profits from clever links between the construction interests and the defense interests.

Upper house member Sadao Hirano, acting chairman of the "John Manjiro Society" (Ichiro Ozawa, chairman) which became an issue in the Diet concerning the allocation of quotas for contributions from the general contractors, is planning to build an "international contribution center" (also called "PKO [UN peacekeeping operations] center") in his electoral district in Kochi Prefecture for the purpose of training key personnel for the PKO. It is a mammoth project reported to cost 30 million yen.

According to the plan, the international contribution center will focus on the "John Manjiro Airport," which will straddle Mihara village and Tosa-Shimizu City in the southwestern section of Kochi Prefecture with a 4,000-meter runway and attached facilities. The facilities will include the UN Peacekeeping Activities Center, with functions and materials for the training and education of PKO personnel, an international disaster relief center,



and an emergency airfield for the Kansai International Airport. Due to its nature, the airfield will naturally be a military airfield under the jurisdiction of the Defense Agency.

It is the creation of new "international contribution special interests" which are deeply linked to the construction special interests and wherein the position of the don of the defense zoku manifests its power.

#### **Maneuvers To Separate the LDP From the Industry Circles**

Ichiro Ozawa, as the substantial "owner" of Shinseito, launched activities to wrest the special interests of the LDP which lost its ruling power, with the general election of 18 July 1993 as the watershed.

The first target was the agriculture/forestry special interests. During the determining of rice prices, the cadres of the Nokyo [agricultural cooperative associations] did not go to the LDP, but the majority went to Shinseito, which caused grief to the LDP cadres.

Shinseito has established a "Dietmen's League To Promote an Affluent Automobile Society" within its headquarters to form a tri-industry organization for the maintenance of taxis, trucks, and cars. The chairman is former Transport Minister Tadakazu Okuda, and the highest adviser is former Transport Minister Mutsuki Kato, the "don of the transport zoku." It is a league of Dietmen aiming to wrest "transport special interests" from the LDP.

There are reportedly some 20 Dietmen's leagues, including the "Dietmen's League To Promote the Formation of Agreeable Movements," providing lateral support to "off-peak movements" backed by the Transportation Ministry, and the "Dietmen's League To Promote the New Sunshine Plan," which backs MITI's development of substitute energy for oil. The "new zoku Dietmen" are emerging from these Dietmen leagues.

Ichiro Ozawa has separated the industrial circles from the LDP and steered them closer to Shinseito. In the fall of 1993, prior to the formation of the budget, he held friendly discussions with not only the construction industry, but also with securities companies and banks, defense, life insurance, tourism, and ports/harbors people. On 3 December 1993, he talked with the sea transport and harbor industry organizations at the Prince Hotel in Akasaka, Tokyo.

Ozawa thus evolved operations to distance the companies from the LDP and to wrest the special interests, while launching a full-scale "starvation offensive" against the LDP.

The first step was to stop political donations to the LDP by Keidanren, the LDP's chief sponsor in the past. Ozawa used his position of trust with Gaishi Hiraiwa, then chairman of Keidanren, and compelled Keidanren to tell the LDP that it will stop mediating the allocation

of political funds from the companies to the LDP. The LDP executives who got wind of the tricks bared their antagonism by denouncing Ozawa.

Ozawa pressed his "starvation tactics" further. He stopped the "advertising costs" paid to the LDP organ paper by Keidanren and Tokyo Electric Power Co.

Simultaneously, based on Ozawa's maneuvers, the industrial organizations of such key industries as the auto, steel, and oil industries began to place ads in Shinseito's organ paper. He did not ease up on his self-seeking endeavors. Therefore, the LDP executives increased their hatred of Ozawa.

#### **Major Operations To "Receive Full Amount of 2 Billion Yen Grant"**

Ichiro Ozawa now appears to be bent on collecting political funds from the companies and organizations in order to secure the conditions for the acquisition of "2 billion yen" in full, which is assessed as the subsidy in accordance with the number of Diet members and votes under the stipulations of the political party subsidy act.

The political party subsidy system is a system under which 30.9 billion yen of the people's taxes is allocated in proportion to the number of Diet members and votes of political parties that meet certain conditions.

There is a stipulation that sets the upper limit of the amount of a subsidy to two-thirds of the revenue in the previous fiscal year minus loans outstanding. The revenue for the previous fiscal year includes not only the revenue for the party headquarters, but also for its regional branches.

The political party subsidy act will become effective on 1 January of the year after the enforcement of the revised public election act (law concerning the small electoral district/parallel representation system). The revised public election act will be implemented simultaneously with the enforcement of the law on redistricting into small electoral districts.

In the case of Shinseito, a 2 billion yen subsidy will be received, based on the number of its Diet members and votes. However, in order to receive the full subsidy, its revenue in FY94 must reach 3 billion yen.

Consequently, like the Japan New Party, New Party Sakigake [Harbinger], and other parties, Shinseito is currently busy collecting political funds from companies and organizations. In order to receive a commensurate subsidy, political contributions from the companies and organizations are a major premise.

On 23 July 1993, the day Shinseito was organized, Ichiro Ozawa handed 20-30 million yen each to the party's new candidates. He is said to have instructed them that it would suffice to report it as 5 million yen in officially sanctioned funds. The candidates reportedly got as much as 55 million yen in three lots per person as campaign funds for the general election.



As the real "owner" of the party, Ozawa's top-priority obligation is the procurement of political funds. It was rumored that, with the formation of Shinseito and the general election (18 July 1993) in mind, Ozawa "sold the Degas painting from his collection for several million yen" in order to eke out funds. This money was perhaps used to supplement the funds necessary for the party's formation and the general election.

It is an episode that suggests the great pains Ozawa took at his own personal sacrifice to gather funds.

### Journalist on Ozawa's Political Style

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[Article by JIJI PRESS Political Department Deputy Chief Shiro Tazaki: "Turning Away from Ichiro Ozawa: A Top Secret Memo by an Incumbent Political Editor—A Personal View of Ichiro Ozawa As He Has Never Been Written About Before"]

[Text] "Can you come over without your badge?" This is what Ichiro Ozawa asked when he invited me over, through a colleague working for another press agency, at about 8 P.M. on 2 August 1989. The badge he referred to was the badge worn by all accredited press reporters covering Diet affairs. When I carry the badge together with an identification card with my photograph, it proves that I am a political reporter permitted to freely move around inside the Diet building and the Dietmen's office buildings. To remove the badge is to remove one's status as a reporter.

When Prime Minister Sosuke Uno announced his resignation, the Liberal Democratic Party [LDP] began the process of selecting its next president. On the same day Toshio Komoto, who headed the party's Komoto faction, decided to give up his plan to run in the presidential race, and the faction decided to endorse Toshiki Kaifu as its candidate. This meant, in effect, that Kaifu, who was also backed by the Takeshita and Abe factions, would be the next LDP president.

The LDP had been experiencing some political upheavals following the historic defeat it suffered in the upper house elections on 23 July. This, however, more or less came to an end now that the party had tentatively selected its next president. The day also marked the turning point when attention shifted to selecting members for the new administration.

I and two colleagues from other press agencies looked for Ozawa to ask him about the background to the decision to select Kaifu as the party's president, and on the party's future prospects. At the time Ozawa was secretary general of the Takeshita faction and was in a position to sway the decision-making process within the LDP's largest faction. While we were looking for him, Ozawa, himself, approached us.

Since a relationship had already been built up between Ozawa and the three of us in which Ozawa would speak freely about his true intentions, I had no second thoughts about taking off my badge, and we headed for a room at the Hotel Okura where Ozawa told us to meet.

The designated room turned out to be a suite. There was a table with Kaifu sitting in the center and Ozawa to one side.

Ozawa faced us and said: "I want you to think about what questions reporters will ask Mr. Kaifu at his news conference in connection with him running for the LDP presidency, and how he should answer such questions."

It was at this point that we finally realized why he had asked us to take our badges off. However, we never thought of getting up and leaving just because we found out why Ozawa really wanted to see us. We were far more excited than during our routine coverage because we felt gratified to participate in the process of working out the political stance of someone about to become prime minister, and by the fact that Ozawa had trusted us so much.

We immediately drew up a list of questions. After completing the work, I called my office about 1.30 A.M. and said: "I am going home. Is there anything else?" The editor replied: "Kaifu returned to his apartment in Sanban-cho a short while ago, but he disappeared temporarily. We do not know who he was seeing."

In the circumstances, I could not say anything, and I went home, saying: "Oh, is that so?"

The following day, Kaifu tape-recorded his answers to the questions we had prepared. Ozawa and the three of us listened to the recording and worked out a further list of anticipated questions and answers. I compiled the list and presented it to Ozawa's office. The list was input into a word processor, printed out, and handed to Kaifu.

When Ozawa was tentatively selected as secretary general of the LDP under the Kaifu administration, we met Ozawa at the Akasaka Prince Hotel, where we worked out a list of anticipated questions and answers for the new secretary general's press conference. It was the three of us who also drew up the draft for Ozawa's political speech that was broadcast in connection with the lower house general election in February 1990.

"Mr. A, Mr. B, and JIJI's Mr. Tazaki are Ozawa's personal bodyguards." It was at about this time that Kozo Watanabe (currently acting secretary general of Shinseito [Japan Renewal Party]) made this remark to reporters on shift duty. The fact that we three had very intimate ties with Ozawa was an open secret among Dietmen belonging to the Takeshita faction and reporters assigned to cover them.

### Very Shrewd Manipulation of the Mass Media

Right now, Ozawa is seen as a politician who constantly fights with the mass media, and who is not good at



maintaining a good relationship with the mass media. His refusal to hold news conferences, and statements such as: "What does it matter which woman you sleep with?" (remark on 25 April; later disowned) created such an image.

However, the Ozawa I know is a politician who is extremely skillful in manipulating the mass media. During our conversations with him, he often asked: "What would the press say if I do that?" or "How do you see the political situation?" He took our opinions into consideration when drawing up his strategy.

Digging into my notes, I found an abundance of such remarks by Ozawa. My notes tell me he also said: "I told the reporters on duty today to write in the morning papers tomorrow that the bill will be scrapped. That way, the opposition parties can save face." (23 April 1987, in relation to how to deal with the proposed sales tax) Furthermore, he once stated: "I told Kozo [Watanabe, then LDP Diet Affairs Committee chairman] 'Do not talk to reporters. Every word you say only delays the decision.' Is he following my orders?" (9 April 1988)

Ozawa adopted the tactic of keeping in touch with the mass media to predict how the news reports would look, and concealing the negative aspects. As a result, the founding of Sosei-kai, which could have been taken as a "betrayal," was termed "the breaking of the Tanaka [former Prime Minister Kakuei Tanaka] rule," and likewise, the founding of Shinseito took the euphemism "the end of the LDP's one-party rule." Such reaction from the press was part of Ozawa's calculations. The remark about "which woman you sleep with" was a leak from a privileged source; that is why he was infuriated.

Since I was first assigned to the political news department in April 1979, I have pasted all my notes into a notebook, and over the years I have accumulated nearly 80 notebooks. From April 1982, I was assigned to cover the LDP's Tanaka faction for about two years and nine months. Until I was reassigned to the political news desk in September 1993, I continued to cover the Takeshita faction, even though I was a member of different press clubs. I did not submit my notes on former Prime Minister Kakuei Tanaka, former LDP Vice President Shin Kanemaru and Ozawa to my company, and instead, kept them in my possession because these men were extremely wary of any information leak. Although I answered inquiries from my superiors and colleagues as the need arose, I took great care in handling such information.

Here, I am going to publish my notes on Ozawa, which I have taken great care to keep safe. The main reason is: The public is not getting an "accurate picture" of Ozawa.

In particular, since the inauguration of the Hosokawa administration in August last year, political jargon such as the "Ichi-Ichi line" [from Ichiro Ozawa and Yuichi Ichikawa, secretary general of Komeito] became so widely used, magnifying a false image of Ozawa. For any

and every obscure political event, senior officials from Shinseito or other parties were quoted to offer the explanation that "it seems Ozawa took some action."

Nobody cared to investigate what Ozawa really did and very soon something else would happen to bury the last event for good. As this process was being repeated over and over again, the false image of Ozawa grew out of all proportion. This false image has not only gained a life of its own; it has begun to cover up the real picture.

Ozawa himself blasts the mass media for "not conveying the truth," when it comes to this false image, but he makes no attempt to show the reality to the media. Years ago, he once said: "If you can sense what we are doing, there is no way we politicians can carry on with our business." Apparently, he has become quite skillful at this. As Ozawa increasingly enjoys himself in the process of creating a false image, he tends to hide himself from the press and reject contact with the media at crucial junctures. And then, when he himself feels the need to do so, he gives interviews and speeches. Coverage of Ozawa is, at all times, "controlled by Ozawa." Despite the fact that dozens of newspaper, press agency and television reporters follow Ozawa all the time, the real picture is not conveyed to the public.

Many insiders may say that what I am going to write about Ozawa "is but out of grudge for being rejected by Ozawa." It is true that I have not met him since 6 January 1992, when he picked me to meet him alone at the House of Representatives Members' Office Building. I will discuss my personal views on why he refused to see me later in this article. During the more than six months that I was ignored by Ozawa, I was very distressed, and embarrassed to meet other reporters who were close to Ozawa. However, after the Takeshita faction broke up in October 1993, after the LDP regime crumbled in the summer of 1993, and after I retreated from the front line of reporting, I am now incredibly at peace with myself.

If I had maintained good relations with Ozawa, this summer, I would undoubtedly have gone to his villa in Tateshina [Nagano Prefecture] to play golf during the daytime and enjoy political discussions at night. However, I would not have been able to look at Ozawa, as I can now, without bias. I would like to present a true picture of Ozawa with his own words that I recorded over the past 10 years or so either during private conversations or meetings of a very small group at times when I have had close contacts with him.

#### **"Mr. Takeshita Is Insincere"**

"With regard to the Recruit affair, after the prime minister (Noboru Takeshita) decided to make public the involvement of Mr. Aoki (Ihei Aoki, Takeshita's former secretary), he told me: 'If I talk, Miyazawa will be in trouble.' So, he sent me to convey a message (to then Finance Minister Kiichi Miyazawa). I told him: 'Would it not be better for you to tell him personally?' He said: 'You do it. You do it.' He is one person who would



absolutely refuse to directly utter the words. He is very bad when it comes to using people." (6 August 1988)

"When the decision was being made for Uno [former Prime Minister Sosuke Uno] (to succeed the Takeshita administration), Mr. Takeshita also told me: 'You go and talk to Kanemaru.' I refused and said: 'This is a crucial question of deciding who will hold the reins of government. If you are asking me to make the decision, I can do it immediately, but...' He then said jokingly: 'Okay, you decide.' He finally called Mr. Kanemaru." (8 June 1989)

"That man is insincere. When I was going to be the LDP secretary general, he was not enthusiastic. In the end, he said: 'You would make a good chairman of the Policy Research Council.' When I was deputy chief cabinet secretary, he made me work very hard; and whenever I said anything, he would retort: 'You are a deputy chief cabinet secretary.' What could I say when confronted with my supposed duties as deputy chief cabinet secretary? All I could say was: 'Yes, that is right.' When I presented my thesis on the reform of the local government system to him, he said: 'So, this is Ozawa's policy speech.' He did not even bother to read the paper. When it comes to insincerity, the prime minister (Toshiki Kaifu) is just like Mr. Takeshita. It is just that Mr. Takeshita is more pragmatic. You are the only ones with whom I can talk about things like this. If you tell this to outside people, they would just say that you yourself created the Kaifu administration; it is like spitting up into the sky." (16 April 1990)

Ozawa's side considered the dissolutions of the Takeshita faction and the Liberal Democratic Party [LDP] as consequences of the "battle between the reformists and the former conservatives" or the "confrontation between the factions which promote political reform and the factions which are negative about it." Behind this, however, there was a feeling of rivalry. It was rather like a hatred among close relatives, between Ozawa, Takeshita, and former LDP Secretary General Seiroku Kajiyama. Therefore, I decided to quote long remarks on Takeshita from the "Ozawa memo."

The first remark was made when Ozawa was deputy chief cabinet secretary of the Takeshita administration, the next when he was administrative director [jimu socho] immediately after the collapse of the Takeshita faction, and the third when he was LDP secretary general, the time when his reputation was on the upward rise as a secretary general with substantial capability.

As he gained more influence, Ozawa distanced himself from Takeshita and leaned instead toward Kanemaru.

"Mr. Kanemaru has keen senses. Even though I do not consult with him, we share the same fundamental understandings. It was Mr. Kanemaru who gave me a post at each important turning point. He said 'you do the job'

and thus I became LDP secretary general. Mr. Kanemaru can make big decisions. Mr. Takeshita becomes too technical although he knows it himself. I can not sleep with my feet turning toward Mr. Kanemaru." (15 February 1990)

If you study Ozawa's remarks very carefully, you would understand that he became "pro-Kanemaru and anti-Takeshita" because Kanemaru appreciated Ozawa's ability, gave him posts, and moved as Ozawa expected, while Takeshita did not do these. In particular, Ozawa, who did all he could for the Takeshita administration, was dissatisfied with the fact that Takeshita was not in favor of giving Ozawa the post of LDP secretary general, which became a springboard in Ozawa's political career.

Around this time, "konchikusho" [intense rivalry, and a pun meaning "damn you"] between Kanemaru, Takeshita, and Ozawa was at its peak in the political world. Although the three people were ultimately united together, the existence of such a conflict made some LDP members think that they could take advantage of the situation. This eventually strengthened the "control by the Takeshita faction."

However, Ozawa's distrust toward Takeshita continued to grow even after that. In November 1990, Ozawa visited Takeshita's home at Daizawa in Tokyo. As soon as it was reported that some people viewed the visit as a chance to mend relations, Ozawa said: "Takeshita said that he wanted to see me by all means. I went to his house because he said he wanted me to come to 'his home by all means.' Although it seems that Mr. Kanemaru was concerned about the visit, my views remain unchanged. However, it seems Mr. Takeshita is making an exaggerated 'announcement.'" (29 November 1990)

Such a feeling of distrust exploded and became an internal strife of the Takeshita faction. At the Takeshita-Ozawa meeting (held on 21 October 1992), (Takeshita said) that "I am remorseful." But (Ozawa said) that "even a monkey can be remorseful." In this way, they were sharply divided and the Takeshita faction moved toward dissolution.

Japanese always leave a little leeway, even though they are confronting each other. In particular, not only were Takeshita and Ozawa political partners, but they are also relatives. After the meeting, however, the two never met. Ozawa did not attend Takeshita's 70th birthday party in May. It can be said that Ozawa is a businesslike person, who can cut off his relations, even with his relatives if necessary. Moreover, Ozawa is also the kind of person who can be thorough about his decision. He even stopped making contact with Kanemaru—although Ozawa once said he could not sleep with his feet turning toward Kanemaru—after Kanemaru's illegally accumulated wealth was detected. Reportedly, Ozawa never visited Kanemaru at his home in Shirane-cho in Yamaguchi Prefecture, where he is taking refuge.



### Reason for Breakup With Kajiyama

Seiroku Kajiyama, now a political enemy of Ozawa, at first showed sympathy with Ozawa's "distrust of Takeshita." Kajiyama said "Ozawa had been too close to Mr. Takeshita."

Ozawa and Kajiyama were close partners when they jointly established the Tanaka faction's internal group "Sosei-kai" under Takeshita's chairmanship in February 1985. For the two politicians seeking to beat the "Tanaka hegemony," the biggest difficulty in founding Sosei-kai was to persuade Takeshita to stand against Tanaka. Kajiyama showed some sympathy with Ozawa's frustration over Takeshita, probably because he knew Takeshita's lack of determination. However, I have to make it clear that I have not heard Takeshita's explanation of this issue. If quotations by Ozawa are not true on some points, I should apologize Takeshita.

On 29 July 1989, Ozawa questioned the trustworthiness of Kajiyama for the first time, even though they had looked as close as brothers up to that point. In the final phase of "choosing a successor for [former] Prime Minister Sosuke Uno," Ozawa grumbled: "Why did Kajiyama back Ryutaro Hashimoto? I just cannot understand how he could then approach Mr. Kanemaru."

In the wake of Uno's announcement of his resignation for the LDP's defeat in the upper house election, Kajiyama asked Kanemaru and Hashimoto to stand for the premiership. Ozawa was frustrated by such actions by Kajiyama because Hashimoto had long been his rival. Kajiyama later said "it was necessary for the Takeshita faction to make clear its backing for Hashimoto because the Miyazawa faction was stalking the votes of the Takeshita faction which up until then had no candidate."

However, Ozawa did not directly ask Kajiyama why he had acted in this way. He is seldom straightforward to people when he has questions. He was supposed to talk frankly with Kajiyama. Ozawa's hesitation was probably because Kajiyama was becoming his rival as the likeliest candidate to become LDP secretary general.

After that, relations between Ozawa and Kajiyama gradually worsened.

"I tried so hard to get Kajiyama his second cabinet post (the MITI ministership in the Uno administration). Neither Takeshita nor Kanemaru were happy about that. I wonder if he is aware of that." (26 September 1989)

"I would like ask you to give every consideration to Kajiyama. He is an important person to me, and he is reliable in a political struggle. We have been partners since the foundation of the Sosei-kai." (8 December 1989)

In such terms Ozawa asked us to readjust his relationship with Kajiyama as we were on good terms with them both. At that time, Kajiyama often said: "Ozawa is our

final weapon. After completing his term as LDP secretary general, he should serve in cabinet posts a couple of times, before again serving as party secretary general. If we win the next upper house election, that will be the time to elect him as prime minister." However, Kajiyama's political schedule was somewhat different from that of Ozawa.

Ozawa and Kajiyama began to plan the foundation of the Sosei-kai, or Takeshita faction, in about 1983, and it finally got off the ground in July 1987. Four months after that, Takeshita became prime minister. Throughout this long period, Ozawa and Kajiyama had almost no discord on political issues. I had no doubts about their alliance as I had been out with both of them. In retrospect, discord between the two was triggered by Ozawa's inauguration as LDP secretary, which created a big gap between them.

However, their relations did not worsen immediately. In the autumn of 1990, Kajiyama was appointed justice minister. But he was soon put into a difficult position because of his "discriminatory remarks against black people." It was Ozawa who made desperate efforts to get him out of trouble. He made direct contact with influential U.S. figures for Kajiyama. Moreover, the "alliance between Secretary General Ozawa and Diet Affairs Committee Chairman Kajiyama" was a major force behind the early adoption of a supplementary budget bill in February 1991, which was compiled to provide \$9 billion to allied nations fighting the Persian Gulf War.

At the meeting of government and ruling party leaders (on 15 February 1991), a compromise plan to be presented to the opposition parties was compiled for the early adoption of the supplementary budget bill. After this meeting, Ozawa and Kajiyama went back to the LDP secretary general's office and had cheerful talks, making jokes about (then Finance Minister) Hashimoto's remarks on decision-making procedures.

Ozawa was hospitalized in late June 1991 due to heart disease and was discharged on 10 August of the same year. Since then his relations with Kajiyama have worsened. After being discharged from hospital, Ozawa avoided meeting Kajiyama, although he met junior members of the Takeshita faction. At about the same time, a rumor was circulated within the faction saying: "This hospitalization makes someone think that Ozawa is now beyond hope." I wonder if this rumor deepened Ozawa's long-held distrust in Kajiyama.

When Ozawa abruptly launched the "idea of introducing an international contributions tax" during budget compilation at the end of 1991, Kajiyama persuaded him to drop the idea. Also, when Kajiyama held his birthday party on 27 March 1992 by inviting fellow politicians and reporters, Ozawa attended but their relations were no longer the same as when they cooperated to establish the Sosei-kai.

Kajiyama still wonders: "I do not know why Ozawa has become hostile to me."



Kanezo Muraoka and Kishiro Nakamura, who served as Diet Affairs Committee chairman and election bureau director general respectively while Ozawa was secretary general, were also among those who were once close to Ozawa and then became at odds with him. Although Muraoka had openly said, "I will do anything to make the secretary general the prime minister," he later changed this position. He said: "I have asked for a meeting with Ozawa, but my offer has never been accepted. Repeating my offer, I began to feel it was foolish idea."

Following the breakup of the Takeshita faction, Muraoka and Nakamura spearheaded "anti-Ozawa" campaigns. Those who once were called Ozawa's aides and were very close to him became bitter enemies. Such a state of affairs between Ozawa and those around him is almost incomprehensible.

Does Ozawa think he has already explained [why he became hostile to Kajiyama]? Or does he think Kajiyama is so thickheaded he will be unable to understand why? It seems to me Kajiyama does not understand only because Ozawa "has not explained anything." Ozawa is always confident, says "I am not wrong," and will not listen to others. This is the petulant attitude of a naughty schoolboy.

I experienced something similar. In January 1992, I met Ozawa at the LDP party convention to hand him a souvenir from a correspondent, but he did not say a word to me. Later, his secretary delivered this message: "You have broken faith with me," and "It does not matter if you have not realized it."

After hearing this, I went over again what I had written about Ozawa and what I had talked about with him to try to find the answer to what had offended him, but I found nothing. It would have been better if he had openly expressed anger at me. When Ozawa tries to sever relations with others, he does so tacitly. This is his way. I realized for the first time when He did it to me that this way he caused more pain to others than if had openly expressed anger. To soothe the pain, I gave myself up to work and waited for the pain to go away. Now, I can coolly observe Ozawa as merely a politician.

In my case, I could tolerate Ozawa's mistreatment because I was merely a reporter. If Ozawa treats Dietmen—the elected representatives of their respective constituencies—that way, how will they react to his maltreatment? Approximately two-thirds of the Takeshita faction members "turned against Ozawa" when the faction broke up. The major reason for their turning against Ozawa was his tactics. They did not turn against Ozawa because they were reformists or conservatives, or because of their stances on political reform.

When I was in charge of the Tanaka faction, Ozawa told me, "The society of Dietmen is, after all, a question of human relationships."

### **Extremely Sharp Contrast Made Between Friends and Foes**

As can be seen in his relationship with Takeshita and Kajiyama, Ozawa has made a distinction between friends and foes. He thoroughly bashes his old colleagues once they break away from him. Ozawa is not always so cold-hearted. A Dietman affiliated with Shinseito has said: "I asked Mr. Ozawa to attend a meeting with business leaders. After the meeting, he sent each business leader who attended the meeting a letter asking their favors for me. Ozawa sent the letter without saying a word to me in advance."

When I worked as a reporter in charge of the Tanaka faction, I leaked an information memo to a weekly and the leakage became an issue. Ozawa defended me, saying, "I trust him, and there will be no problem." I really appreciated Ozawa when I later heard of this. Shortly after the Soseikai (the Takeshita faction) was formed, Ozawa said, "When we decided to form the Soseikai, I thought of the old man (former Prime Minister Tanaka) and cried all night." An Anti-Takeshita group condemned and harshly attacked the formation of the Soseikai as a "father-killing action." At the time, Ozawa was dead drunk and revealed the story in a taxi carrying him to his home.

Given these personal aspects, Ozawa is also a warm-hearted man who cares for others. For that reason, the bridgehead called Shinseito still remains active, although Ozawa is being besieged by his enemies. Ozawa is capable of breaking their siege and of cutting down his enemies with one stroke of the sword at a certain time. He is a warm-hearted man as well as a cold-hearted man. No other politicians have this sharp contrast. I feel that he has increased this contrast since he was hospitalized for treatment of his heart disease. His relationship with Kajiyama worsened shortly after he was discharged from the hospital, although he argued with Kajiyama over the handling of the political reform bill in the Kaifu cabinet.

### **Kaifu Is Really a Fool**

Meanwhile, Ozawa deals very adroitly with people in between his friends and foes. Ozawa has successfully used people, who he once despised as fools, for political gains, a good example of which is Kaifu.

On 8 December 1989, Ozawa said: "Kaifu is really a fool. Uno was far better than Kaifu. Uno understood immediately what I explained. I have clearly explained to Kaifu about the supplementary budget bill. Afterward, Kaifu phoned opposition parties to ask, 'Does your party not agree with the supplementary budget?' A politician eager to become prime minister should become prime minister. Takeshita has been making efforts to become prime minister while building his personal relationships with other politicians. I do not think that Abe (former LDP secretary general) is a smart man, but he understands what I explain. But the prime minister [Kaifu] does not understand what I explain. Kozo Watanabe despises Kaifu as a fool."



On 17 October 1990, Ozawa said: "In August, Kaifu said I understand that Japan needs to dispatch personnel of the Self-Defense Forces [SDF]. I felt at ease, saying it is good and there will be no problem. After looking into his statement, I found that Kaifu had developed a plan under which people to participate in peacekeeping operations would be recruited from among unarmed SDF personnel, since no one would want to participate in the peacekeeping operations. Kaifu did not approve of the plan with a full understanding of it. Ouchi (former chairman of the Democratic Socialist Party) looks very much like a prime minister."

Social Democratic Party of Japan [SDPJ] Chairman Tomiichi Murayama (currently prime minister), who was endorsed by the LDP, SDPJ, and Sakigake [Harbinger]. In a lecture he delivered at the U.S. National Press Club on 28 July, Ozawa harshly criticized the Murayama administration, saying: "Two parties (LDP and SDPJ) which have confronted each other for the last half a century, asserting completely different principles and policies, have now joined hands. Although the Japanese people are good at doing things that are different from their true intentions, even I was stunned at this. Since this took the Japanese people by surprise, it is natural that foreigners were even more amazed."

However, this was even more stunning to us who knew about what Ozawa thought of Kaifu. Moreover, we were confounded that he was trying to hoist Kaifu as a banner for the "new-new party." Ozawa's questioning Kaifu's intelligence is much more a matter of concern than the issue of bringing policies in alignment.

When the Tanaka faction backed Yasuhiro Nakasone in the LDP's presidential election in November 1982, Ozawa went as far as to say: "We selected Nakasone to not only take over the party but also the cabinet. When we wheedle somebody, the lighter and less intelligent he is, the better. That way, we can control him as we please." Ozawa still believes in this idea.

On the contrary, Ozawa has made the following remark: "The Abe faction probably plans to endorse Yoshiro Mori (currently LDP secretary general), Hiroshi Mitsuzuka (incumbent chairman of the Mitsuzuka faction), or Mutsuki Kato (former farm minister and currently a member of the Shinseito). If they take over power, we will not be able to control them." (27 December 1987)

Tsutomu Hata, whom Ozawa made prime minister saying that he considered Hata as the "strongest card," is similar to Kaifu in the sense that both have been wheedled because they are easy to control. Because Ozawa used to complain about Kaifu during the time Ozawa was LDP secretary general, I suggested: "Why not put up Hata next?" Ozawa replied: "That will not become a majority opinion within the party. It is fine with me, but the party realizes Hata's limitations. He has such a small capacity. Kaifu is all right because he does not have any capacity at all in the first place. Everyone

thinks he is stupid. So everyone is happy. I have never seen any administration like this before." (25 October 1990)

Incidentally, the statement "It is fine with me, but everybody else says no" is Ozawa's unique way of expressing rejection. If you place too much emphasis on the part "It is fine with me," you are bound to make mistakes. When moves emerged to have Ryutaro Hashimoto run in the LDP presidential election, Ozawa ruled out such moves by making a similar statement.

Let me describe what Ozawa said about Nakasone, who moved closer to the Ozawa camp when Kaifu was put up to run in the prime ministerial election last June. He said: "We want to have Nakasone retain his power by having him become a father-in-law. In order to do that, we will look for where they do not have a father-in-law. Nakasone dislikes Miyazawa and belittles Zenko (former Prime Minister Zenko Suzuki). It is unthinkable that he would back Fukuda's (former Prime Minister Takeo Fukuda) subordinate (referring to Abe). Since Nakasone does not have as much influence as the 'Old Man,' he can retain his power only by becoming a father-in-law." (28 January 1986)

"Nakasone's view of the emperor system is simply a farce. He is merely using the system to his personal advantage, while making convenient remarks like telling the prime minister that he is 'worried about the emperor.' I know of two such cases so far. It happened recently again. He deserves divine wrath for that." (5 October 1988)

The former remark indicates how Ozawa predicted things would work out when he was sounding out possible cooperation with other party factions for the establishment of the Takeshita administration, while striving to win over a majority of members of the Tanaka faction to his side following the creation of the Sosei-kai. Ozawa draws up his strategies, taking into account the true nature of politicians' hunger for power. This is an area where Ozawa excels the most. In the last prime ministerial election, Ozawa took advantage of Nakasone's aspiration to still continue maintaining his political influence. He seems to have tickled Nakasone's hunger for power by signaling Nakasone that he would be treated as a father. First, a dispute arose between Ozawa and Kaifu over when to take care of the draft bill for the fiscal year 1989 supplementary budget prior to going ahead with the lower house general election in February 1990. Second, Ozawa expressed his discontent with Kaifu during the process of drawing up the draft UN Peacekeeping Operations Cooperation bill on overseas deployment of the SDF personnel in connection with the Iraqi invasion of Kuwait. Since then, I have heard nothing about whether Kaifu has become smarter or whether he now holds the same view as Ozawa concerning the issue of sending SDF personnel overseas.

Nevertheless, Ozawa persuaded Kaifu to run for the prime ministerial election on 29 June 1994 against



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The latter was a remark made when Ozawa was deputy chief cabinet secretary. The reason for his attempt to make the very man who was to "incur divine wrath" an ally was not only the radical political changes that had occurred; Ozawa was also a realist. To defeat the "enemy," he would naturally try to win over the neutrals; and above that, he would even infiltrate the enemy's ranks to create confusion. This resembled former Prime Minister Tanaka's strategy of secretly building footholds in other factions to control the LDP. Before the LDP presidential election in 1987, Ozawa blasted the Kochi-kai, which put up Miyazawa as its candidate, in the following terms:

"Our faction supported two administrations of the Kochi-kai. It would have been natural to expect some gesture to return the favor. Yet, what they did was to poke their fingers into our faction to create a mess. That is impermissible. After a Takeshita administration is created, we will meddle in their affairs and break their faction into pieces." (31 July 1987)

This was also an indication of Ozawa's strong hostility.

Ozawa also had some first rate, down-to-earth, ferocious criticisms for other powerful men. But I will have to



refrain from citing them here for lack of space. However, I must touch on Ozawa's "theory of the 1920's," which he used frequently when making an assessment of other people.

"The prime minister's (Takeshita) view of the emperor is not based on any ideology or conviction. It is something peculiar to people born in the 1920's, although this differs from one person to another. The prime minister uses the word 'everybody' very often. He does that because he does not have a mind of his own." (5 October 1988)

Ozawa was correct. My experience covering politicians of that generation gave me the same impression. This generation was around 20 years old when the war ended. That age is the most important period in the formation of a person's thinking. At that age, they experienced the total collapse of a value system they used to believe in. Therefore, they have become unable to believe in anything completely. They are always skeptical, and they vacillate at critical moments. However, it is also a terrible thing to be rushing on without any doubt. Personally, I treasure this "fear to believe completely" of people in their 70's.

Incidentally, many will be surprised that these people taunted so mercilessly by Ozawa all ended up capitulating to him at one time or another.

One reason for that is Ozawa's remarks were not leaked to outsiders. That is, we, the insiders did not report them to our own companies. Another reason is that Ozawa never showed any sign of disrespect in front of these people. On the contrary, he was courteous to a point of overexerting himself, particularly to his seniors.

For instance, when he was the chairman of the LDP's special committee on international contribution, the television showed closeup shots of him placing his hands primly on his knees and sitting in respectful attention when he handed the committee's report to Prime Minister Miyazawa, whom he derided behind the back.

During the Hosokawa administration, I heard that while Chief Cabinet Secretary Masayoshi Takemura (now finance minister) merely addressed Hosokawa as "Mr. Hosokawa," Ozawa called him "prime minister." During Ozawa's meetings with his seniors which I attended, he had always seated himself properly, and responded with "hai [yes]" "hai" to every sentence said to him. I sometimes thought it would be nice if he treated me in the same way.

Ozawa is very good with older people, contrary to his image of being arrogant. This is the reason why some people even say that he has good manners.

#### Ozawa's "Infallible" Technique

Let me now talk about Ozawa's technique. First, he is aggressive to the very end. He has been consistent with this since the creation of the Sosei-kai. He said: "Those

who do not belong to the Sosei-kai are really in despair. Therefore, all we have to do is be aggressive. Then they will be pressed to make a decision. The Sosei-kai held meetings in July and August and decided to 'shake things up violently.' We should show them that 'we can do it all by ourselves if we please, so if you do not want to come along, you do not have to.' Those who have been raised as members of the Tanaka faction can never become independent. Maintaining our aggressiveness will also help revive flexible-line policies." (14 and 21 June 1985)

If we replaced "those who do not belong to the Sosei-kai" with the SDPJ, and the Sosei-kai with Shinseito, Komeito [Clean Government Party], Japan New Party [JNP], and Democratic Socialist Party [DSP], the situation perfectly matches Ozawa's plan during the process when the SDPJ bolted from the former coalition alliance last April and resulted in the formation of the Murayama administration. The plan did not succeed as much as in the case of the Sosei-kai because Ozawa mistakenly judged SDPJ members to be of the same level as Tanaka faction members who incessantly sought power, and also because flexible-line policies, in themselves, disintegrated due to Ozawa's excessive influence.

While he believes in the idea of "power in numbers," he still makes the same mistakes in calculating numbers now as in the past. Since I have not heard this directly from Ozawa, I will not put it into direct quotes, but at the time of the break up of the Takeshita faction in the fall of 1992, Ozawa showed strong confidence in mustering a large majority, comparing the faction's internal conflict to the "Battle of Toba-Fushimi" which occurred during the Meiji Restoration.

In my knowledge, the most miserable experience that Ozawa encountered was in regard to his prediction of the outcome of the Tokyo gubernatorial election (balloting on 7 April 1991) fought between incumbent Governor Shunichi Suzuki and Hisanori Isomura, who was endorsed by the LDP, Komeito, and the DSP. At that time, Ozawa directed Isomura's election campaign as secretary general of the LDP.

He said: "We will absolutely win this election. There is nothing to worry about. If we lose here, Komeito members will all be fired since they are saying they will deliver 900,000 votes. Looking conservatively by taking 20 percent off still leaves 720,000 votes." (20 February 1991).

He then said: "Well, just wait and see. We will win in Tokyo. That is for sure." (27 March 1991)

The election resulted in incumbent Governor Shunichi Suzuki emerging victorious by a large margin. Nevertheless, Ozawa said: "The outcome of the Tokyo gubernatorial election was a major victory for the Keisei-kai (Takeshita faction). The Keisei-kai alone garnered 500,000 to 600,000 votes." (12 April 1991)

Following such a line of argument, there is no such thing as "failure" or "defeat" for Ozawa. Indeed, looking back



at Ozawa's past political actions, when he made a mistake at a certain point, he would change the evaluation criteria, or switch the situation by placing it in another context to overcome the crisis.

When he was LDP secretary general, he drew up a three-party agreement after the UN peacekeeping cooperation bill was scrapped; and in the Takeshita faction feud, when he "failed" to make Hata the faction leader, he bolted from the Takeshita faction, created a new Hata-Ozawa faction, and called themselves "reformist." After an "encirclement of Ozawa" was formed in the LDP, as a consequence of which his influence dwindled, he bolted from the party and transformed himself into a "standard bearer" of political reorganization. Ozawa never backs off. He always marches forward. This resembles the prewar Japanese Imperial Army's calling retreat "change of course" to hide the reality of defeat, and to present an apparent change of appearance.

Whenever he was on the defensive, he would say: "It is during times like this that you need to push hard. If you do not, nothing will get moving." (14 April 1989, immediately before the collapse of the Takeshita administration)

Or he would mutter: "It is during times of hardship that you need to be patient. If you bow to the hardships and change your direction, you will crumble."

Then, he would keep on advancing. When he faced an unsurmountable obstacle, he would just shift to another arena.

In such cases, he was bound neither by conventional notions, nor by factional boundaries. In August 1988, when he was deputy chief cabinet secretary, he gave the following comments on Komeito's Yuichi Ichikawa (now secretary general):

"Mr. Ichikawa did everything he promised. Mr. Ichikawa is good. He is someone you can really talk to. He is also sharp and good in theory. When talking to him, I can feel we have something in common."

In February 1990, in the middle of the general elections, he even said:

"It is good for the SDPJ to remain stubborn. That will make it easier for the Komeito to change. I have begun to think it would be better (for the LDP) to lose many Diet seats to make the Komeito change. That way, Komeito will be forced to take a more explicit position." (15 February)

Concerning the SDPJ, Ozawa said, "It would be good if Mr. Tanabe (Makoto Tanabe, former SDPJ chairman) had the power to change the SDPJ. He does not have that power—that is why we are having all this trouble. If the SDPJ says anything but the consumption tax is acceptable, I would use my power to stop the consumption tax. If you expand specific indirect taxes gradually, they will result in something similar to the consumption tax.

However, the SDPJ is unable to change with regard to security, education, and other basic issues. If only it can change, I would even agree to having a 'Prime Minister Tanabe'." (9 April 1990)

Ozawa had been agreeable to having an administration headed by the SDPJ chairman as early as four years ago, on condition that the SDPJ changed its policy. Therefore, it is absurd for Ozawa to criticize the Murayama government for the reason that the LDP and the SDPJ were longtime rivals even though the inauguration of the Murayama administration came before the SDPJ's policy change. What happened was merely the consummation of one of Ozawa's favorite theses. If he criticizes the present administration, it only goes to show that what makes the difference to him is that this was accomplished by the enemy, and not by him.

#### Is He Serious About His Threats To Resign?

One characteristic trick of Ozawa is to make his opponent think that he is staking his job on an issue. In March 1990, when he was pushing for handling the supplementary budget and the related bills in one package at the extraordinary Diet session held after the general elections, he stressed:

"When the party changes its policy, it will be time for me to resign. I am ready to resign anytime. I am able to do what I do because I am prepared to resign." (19 March)

He also said something similar after the Gulf war broke out, and a decision was made to dispatch the SDF transport aircraft. At that time, the cabinet decided (on 25 January 1991) to issue a special administrative order to add transport of evacuees as a duty of the SDF under Article Five of the SDF Law (on duties of the SDF to transport state guests, etc.) only in the case of the Gulf war. Yet, Prime Minister Kaifu said to reporters on the same day: "The proper thing to do is to amend the SDF Law."

"What a mess! If he does not want to do it, that is fine. If he says 'This is not up to my ideals,' then I am going to say 'may I be relieved of my duties?'" (25 January 1991)

Kanemaru talked about Ozawa when the latter was dealing with the case of Kanemaru's acceptance of 500 million yen in donations from Sagawa Kyubin. I heard about this when on the memorable day of 17 September 1992, Kanemaru's birthday, I went to Kanemaru's residence in Moto-Azabu, Tokyo. This was later severely criticized as an example of the collusion of political reporters with politicians.

Kanemaru said: "When ASAHI SHIMBUN reported my case (indicating its 22 August scoop), people around Ozawa might have done something. Nonetheless, I trust Ozawa fully. Ozawa has told me, 'I am doing my best, staking my political life, as well as my life.' I have told Haibara (Kanemaru's former secretary), 'Please, do everything as Ozawa says.' I have entrusted Ozawa with



handling my case. There is nothing I can do since I have entrusted Ozawa with handling my case."

Ozawa shows his intention to grapple with difficult things, staking his political life and convinces others of his intentions. This is Ozawa's tactic.

Over the past three and a half years, Ozawa has tendered his resignation three times when his strategy has ended in failure. He handed in his resignation as secretary general of the LDP in April 1991 after a candidate running on the LDP ticket failed to be elected in the Tokyo gubernatorial election. In September 1992, he sent in his resignation as acting chairman of the Takeshita faction after his failure to handle the ¥500 million financial scandal involving Kanemaru. In late June this year, he also tendered his resignation as secretary general of Shinseito. Thus, he has taken gallant actions.

Nonetheless, the only post he has actually resigned is secretary general of the LDP. He revoked his resignation as acting chairman of the Takeshita faction on the grounds that Kanemaru dissuaded him. He withdrew his resignation as secretary general of Shinseito after being asked to remain in the post. He assumed the post of acting chairman of the Takeshita faction three hours after he resigned as secretary general of the LDP. Two months before Ozawa assumed the post of acting chairman of the Takeshita faction, one of the dietmen close to Ozawa said, "Secretary General Ozawa has revealed to some of us that he will become acting chairman of the Keiseikai (the Takeshita faction) after the Tokyo gubernatorial election."

Given his behavior, doubts could arise that his gallant actions have aimed to skirt criticism against him for retaining his post.

Ozawa's actions remind me of a statement by former Prime Minister Tanaka. Tanaka once stated: "No one has resigned who has talked about their resignation. Those who believe no one can force them to step down talk about their resignations."

Ozawa has not aimed to become prime minister and this has been cited as one of his strong points. The reason for refraining from aiming for the premiership is simple. On 25 October 1990, Ozawa himself said: "Even if I become prime minister right now, I can do nothing. If I become prime minister, I can do nothing."

Ozawa became chief cabinet secretary. On 15 August 1986, he said: "We are about to form a Takeshita government. I am a favorite with my mentor [Tanaka]. I have a good relationship with Kanemaru and I am related to Takeshita. I will think of myself after forming a Takeshita government."

After entering the prime minister's official residence, Ozawa found himself bound by protocol and official schedules with little substantial power. When he served as deputy chief cabinet secretary, for example, he was

considerably irritated with the lack of information about the Recruit financial scandal which was under investigation by the Special Investigation Department of the Tokyo Prosecutors' Office.

On 5 May 1989, Ozawa said: "Prosecutors are drawing conclusions on the basis of their narrow sense of justice. There is no reason to welcome a situation wherein politics is under the thumb of prosecutors. Successive justice ministers have not personally handled the personnel affairs of prosecutors and this has resulted in keeping us at bay. Government officials are not at all afraid of ministers who stay aloof from the management of personnel affairs. I, therefore, have told Abe (secretary general of the LDP at the time): 'You will become prime minister in the future. Problems would arise if one continues to serve as justice minister. Let us keep the Justice Ministry in check by choosing about three potential candidates to serve as justice minister in rotation.' In general, successive prime ministers have made light of justice minister. This is a problem."

Ozawa vented his anger like this. Three years later, however, Ozawa was defeated by prosecutors who were investigating Kanemaru for illegally accepting 500 million yen in donations. Ozawa looks powerful to prosecutors, but in fact, he has been defeated twice by the prosecutors. When the Recruit financial scandal was under investigation, Ozawa was nicknamed a "Recruit prosecutor" because he kept a list of politicians who received contributions from the Recruit Company. Ozawa obtained the list from the Recruit Company after visiting the company many times.

Ozawa maintains complete secrecy when he tries to achieve something. This style goes against human nature—the more secrets you possess, the more vulnerable you become to temptation to disclose them. No matter what people think about him, Ozawa maintains secrecy to achieve things. In March 1991, I accompanied him on his trip to the former Soviet Union and the United States. Aboard a Japan Air Lines jet bound from Moscow for Washington on 27 March, Ozawa told me: "I will tell the prime minister and Kanemaru only about the atmosphere of my meeting (with President Gorbachev). I have also asked my interpreter not to show his note of the contents of the meeting to the prime minister and the foreign minister."

When I met Kozo Watanabe at a later date, he said to me: "Ozawa will never tell such an important thing to me. You know him well, don't you?"

Ozawa is a man who can keep a secret. He employs a different dietman for a different task. Because those employed know why Ozawa does so, they do not dare to make contacts with each other. Eventually, it is only Ozawa himself who knows everything about his acts and thoughts.

**"He Cries Over the Novel 'Nogiku no Haka' [A Grave in Wild Chrysanthemum]"**

As I said earlier, relations between Ozawa and Kajiyama have worsened greatly since Ozawa suffered from heart



disease. His political style has also changed since then. Before he fell ill, he mapped out his plans while imagining "the worst possible scenario" (as stated by Ozawa), and carefully carried them out.

He said on 26 September 1989: "I assume a cautious attitude before I actually take action. I take action when I am confident that I can make it. Once I take action, I never make concessions."

He has a habit of saying this phrase. In fact, he took sufficient time to inaugurate the Sosei-kai. Also, he took two years and five months to obtain majority support in the Tanaka faction and form the Takeshita faction with those belonging to the Tanaka faction. When he was secretary general, he held behind-the-scene negotiations with party leaders to seek agreement from them on the revision of regulations regarding party presidential elections. He also took a lot of time for debate within the government and the party over the enactment of the UN peacekeeping operations cooperation law. At that time, Ozawa was criticized as "being high-handed" and "practicing politics of terror" because of his strict secrecy. But as far as I know, he was never criticized as "a man who prefers speed to elaboration," as he is now.

Ozawa fell ill in 1991. At the end of that year, he abruptly presented, during budget compilation, the "idea of introducing an international contributions tax" to Secretary General Watanuki and other party leaders and urged them to introduce the tax. As was expected, the LDP Research Commission on the Tax System opposed the idea so strongly he had to abandon it. Later, I investigated this intraparty row and found that Ozawa had not discussed the idea with the research commission at all. When I found this out, I was surprised and at the same time, I thought, "it is not like Ozawa." In February 1994, he proposed the introduction of "a national welfare tax." In April, he inaugurated a parliamentary group "Kai-shin." In June, he backed Kaifu as a candidate for prime minister. In July, he announced that "I will establish a new grand party in September." In each case, he has made a mistake similar to when he launched the idea of introducing an international contributions tax.

While observing "today's" Ozawa, I remember with nostalgia the year 1982, when Ozawa began taking charge of the Tanaka faction. In those days, Ozawa was not busy. He gave me time to discuss various trifling matters at the Diet members' hall. He never left the hall until I was satisfied. When I treated him to drinks, he said the next day: "I was chided when I said at the Tanaka office that I was treated by a reporter."

One day, Ozawa told me "when I read 'Nogiku no Haka' (written by Sachio Ito), I could not help but weep in sympathy." He frowned at me when I replied "you must be kidding." When he was waiting for his first appointment as a cabinet minister, I was really surprised at his nervous attitude. He said: "I do not really care about that, but I feel great expectations of the people in my hometown."

Immediately before the cabinet reshuffle in late 1985, Ozawa mentioned his anxiety over whether he was good enough to be a cabinet minister. This was the first time I had seen Ozawa nervous.

Most of Ozawa's Diet contemporaries had become cabinet ministers by that time and, moreover, then Prime Minister Yasuhiro Nakasone did not like the idea of making Ozawa a member of his new cabinet because Ozawa opposed Nakasone's plans to dissolve the Diet and rearrange seating in the lower house. As it happened, (then LDP Secretary General) met Nakasone on the evening of 26 December and said: "Ozawa and Hata are the princes of our faction. If you do not accept them in your cabinet, we will have much trouble in our faction." Nakasone had to accept Kanemaru's request. I obtained this information from Kanemaru himself in front of his house, and immediately told Ozawa who was in a bar in Takanawa, Tokyo. Ozawa looked relieved when he heard the news.

Throughout my long acquaintance with Ozawa, there were two occasions when I had reason to feel he could become someone to be feared if he obtained great power.

The first time was when he was serving as LDP secretary general and I asked him about his plans after completing electoral reform. He said confidently: "The LDP will obtain an overwhelming majority in general elections after the electoral reform. I would like to use the advantage to reform all outdated Meiji-era systems, including the local government system. It is impossible to work on such drastic reform unless we occupy more than two-thirds of lower house seats" (8 June 1990).

When asked about a pro-Kanemaru candidate's defeat in the Yamanashi gubernatorial election in February 1991, Ozawa stated: "Mr. Kanemaru does not really know how to use his power. He was supposed simply to watch the competition between the two candidates, because the winner will come to his side anyway" (2 February 1991).

Expressed in such terms, it was clear to me that Ozawa really knew what political power was and, using that knowledge, he intended to win even power through electoral reform. Ozawa's stories terrified me, and I secretly hoped Japan might enter an era of real peace and have no need for politicians like him in charge.

Before releasing this report, I thought very hard about my ethics as a reporter, and I still do not have the answer. Ozawa had no intention of publishing these episodes, and I did not ask for his approval of my report. I really did not know what to do because I do not want to betray his trust but I wanted to describe his true profile as seen through my eyes. To be honest, I do worry about Ozawa's reaction to the report. He is still a powerful politician and it would be easy for him to crush a reporter, almost with his fingers. After much hesitation, however, I have concluded that reporters are not the servants of politicians.



Reporters with press badge have a privilege to walk freely in the Diet. In a sense, the privilege ensures the public's "right to know." If I had been a man without a press badge, Ozawa would never have seen me. To tell the public the truth is my starting point as a reporter, and I have to go back there when I get lost.

I have to add something. I did not consult anybody when I wrote this manuscript. I wrote it purely on the basis of remarks by Ozawa which I heard directly because I did not want to cause problems for any other reporter. Accordingly, I am the only person who is responsible for the manuscript. I intend, soon, to disclose the truth about what happened at Kanemaru's home in the fall of 1992, for which I was labeled a "collusive reporter."

Before closing my article, I would like to state my own views on Ozawa's future.

On 18 August, Ozawa formally returned to the post of secretary general of Shinseito on condition that he promote democracy within the party. Nonetheless, Ozawa's tactics will remain unchanged. Frankly speaking, I think his political heyday is over. He is 52 years old and still young. But he has gained his political experience while witnessing some very muddy aspects of political life. From that point of view, he is now in his old age.

On 14 March 1985, Ozawa said: "I am the only one who knows how to distribute money during elections. Nik-kaido (former secretary general of the LDP) has said he would not take charge of distributing the money and that I have done it while consulting with my mentor (former Prime Minister Tanaka)."

Ozawa learned about the electoral system and how to handle campaign money while supervising the LDP's 1983 general election campaign as director general of the LDP Election Bureau. He completed tutelage on the electoral system and handling campaign money in the 1990 general election. Political reform should begin first with an end to "what Ozawa knows."

The people know what Ozawa knows and they see him as an old fashioned politician. Anti-Ozawa feeling has spread not because his tactics have become a source of political strife among Nagata-cho society, but because it has spread among the people. This fact should not be forgotten. Ozawa says this has been fabricated by the mass media, but his claims are not true.

During his visit to the United States, Ozawa stated, "I will form a new major party in September." As can be seen in the statement, the ruling parties are united while opposition parties are disunited whenever Ozawa says something. In his lecture while in the United States, Ozawa declared, "I am resolved to aim for changes and challenge as long as I am alive." Some Shinseito members felt annoyed by this remark.

Some believe they are the only people who can do anything in society and that problems will occur in society if they do nothing. They are the very persons who

count on the power of others. I hope that Ozawa does not follow the same path as his political mentors Tanaka and Kanemaru followed.

#### **Satsuki Eda Interviewed on Political Future**

942A0563A Tokyo SHUKAN ASAHI in Japanese 22 Jul 94 pp 27-29

[Interview With Satsuki Eda by Tomohiko Hayashi, SHUKAN ASAHI reporter; place, date not given: "Where is Satsuki Eda, a Migratory Bird Moving From One Party to Another, Going?"]

[Text] Mr. Satsuki Eda, former representative of the United Social Democratic Party [USDP], was counted as one of "the stars in political realignment." He was also viewed as a future chairman of the Social Democratic Party of Japan [SDPJ]. However, now as vice chairman of the declining Japan New Party [JNP], he is standing against the Murayama government. I have interviewed Mr. Eda, who seems to have been caught up in the whirlpool of realignment, to hear about his past and future.

[Hayashi] Amid twists and turns of political realignment, Mr. Eda voluntarily dismantle the USDP on 22 May [1994]. Why on earth did you merge with the JNP which just "popped up"?

[Mr. Eda] Things sought thus far by the USDP have considerably been actualized since the establishment of the Hosokawa government. And the JNP, like us, which has aimed at the politics of the people, transcending ideology, is now facing an ordeal. I thought that the USDP could help the JNP by making the most of its 17-year experience.

In addition, the USDP had been negotiating with the JNP and Sakigake for an amalgamation of the three parties was one of the reasons. Since then, the move to amalgamate the three parties was called off, and this was our miscalculation.

[Hayashi] The USDP inherited from the Shakai Shimin Rengo [Socialist Citizens Federation], which Mr. Eda's father Saburo Eda, founded in 1977 after bolting from the Japan Socialist Party [JSP—the party later changed its English name to the SDPJ]. The USDP sought to be a new type of political party in which a party and a citizens' movement were joined. In this respect, the party had the same ideology as the JNP. Then, there was no need to dismantle the USDP, was there?

[Eda] The USDP was dragging its feet along the outdated road of confrontation following the pattern of socialism versus capitalism of the Cold War era, and as a result, it could not grow any larger despite all its efforts. I am largely responsible for that. Well, that was attributable to my incompetence.

Moreover, as soon as it was born, the USDP had to see the death of its founder—my father. It thus made a start before its groundwork for a next-stage development took a definite form.



[Hayashi] The USDP members followed divided roads: Hideo Den, an upper house member, formed the "Liberal Society for Defending the Constitution"; Yanosuke Narazaki, a lower house member, joined a Diet group called the Coalition of the SDPJ and Forces for Democracy and the Constitution; Naoto Kan, a lower house member, joined Sakigake; and Shogo Abe, a lower house member, acceded to the JNP.

[Eda] Mr. Den and I had a difference of opinion when the Hosokawa government was born. Mr. Den was opposed to forming a coalition with Shinseito [Japan Renewal Party] and Komeito. I thought that to topple the LDP's one-party rule was more urgent. Because of that, it seems that I looked to him as if I were a person who was suffering from the disease of longing for a "ministerial post."

Mr. Narazaki and I shared the party's role. I got him posted in the SDPJ's Diet group so that he may work for the SDPJ when the political realignment take place in the future. As to Mr. Suga, his and my views did not agree with each other on the continued existence of the USDP and on "Sirius."

#### **Sirius Had No Capacity To Do Its Work**

[Hayashi] To Cast off the shell of the USDP and to become the nucleus of political realignment, in November 1992 Mr. Eda rallied 27 legislators and inaugurated a policy research group called "Sirius" comprised mainly with newly elected members of the SDPJ and Rengo Sangiin (currently Democratic Reform Parliamentary Group). However, the group ended in failure with most of its members defeated in the general election in July 1993.

[Eda] As to Sirius, I must say that it had no capacity to do its work. The SDPJ freshmen Diet members could not decide to carry out the election as members of "New Party Sirius" without the SDPJ. Mr. Suga advised me to declare the start of a new party at once. However, doing so was a little too farfetched.

Even after the formation of the Hosokawa cabinet, he expressed his view that we should immediately abandon the USDP and merge with Sakigake. When I said that we should repeat intraparty discussions before the action, he remarked that "Mr. Eda is always slow in making decisions."

However, in view of my position as representative of the party, I could not take such a move immediately. I regard their views are reflection of their own respective standpoints, and I do not like to refute the members' views in coarse language.

[Hayashi] According to an ASAHI SHIMBUN poll, the support rate for the JNP in September 1993 was 17 percent, the second highest behind the LDP; however, the rate fell sharply to 5 percent in a poll conducted in

May 1994. It is pointed out that this fall is attributable to Morihiro Hosokawa's coming closer to Shinseito Secretary General Ichiro Ozawa.

[Eda] It is very regrettable that such a view is spreading to the public. I think that Mr. Hosokawa never changed his position.

Basically, what the people expect of Mr. Ozawa and what they expect of the JNP are different from each other. We should firmly recognize this.

[Hayashi] Concerning Japan's image in the future, Mr. Ozawa's "ordinary nation" theory and Sakigake Representative Masayoshi Takemura's "small but glittering nation" theory have now become a topic of conversation. The "ordinary nation" theory which involves employing Japan's military role in the world. But is this not different from what Mr. Eda has sought?

[Eda] The "ordinary nation" is an old concept of the sovereign nation originating from the 19th century. However, I think that in the future this concept will change into an idea that each nation shares the "earth sovereignty."

What makes my position different from the "small but glittering nation" theory is my belief that, amid such characterized features, the role to be played by Japan will not be small. However, both the "ordinary nation" and the "small but glittering nation" should be taken as names given by people. Unless we have full discussions, we will not be certain whether these views really represent Mr. Ozawa's and Mr. Takemura's policy lines. In addition, their positions are liable to change in the future. I would like to have more discussions.

#### **I Cannot Return to SDPJ Which Father Abandoned**

[Hayashi] The SDPJ has thus far asked Mr. Eda to join the party on several occasions, but Mr. Eda has kept turning a deaf ear to the request.

[Eda] I thought I would get bogged down if I ever joined the SDPJ which finished its role of the times. Of course, I could have joined it as a tactic, but I could not do so because, despite his efforts (for reform), my father was unable to fulfil his desire and had to abandon the party.

[Hayashi] How do you rate the Murayama regime in which the LDP has installed the SDPJ chairman as prime minister? And how do you think the political restructuring will progress in the future?

[Eda] Frankly speaking, I am not sure whether the Murayama regime means a revival of the 55 system [a two-big party system realized in 1955 with the formation of the LDP and with the unity of the JSP]. I believe that a new coalition party will be formed in the future between our "Citizens faction" and the so-called "Republican faction" which, with Shinseito and Komeito as its central force, intends to create an "ordinary nation." It is desirable that the leadership of the



"Republican faction" and the leadership of the "Citizens faction" will mutually cooperate and work hard together.

[Hayashi] In an interview with a monthly journal last spring, Mr. Eda stated clearly that "even if Ozawa creates a new party, I have no intention of joining it." However, in actuality Mr. Eda is now a "henchman" of Mr. Hosokawa who has surrendered at the camp of Mr. Ozawa, is he not? Why does Mr. Eda, who himself sought to be a standard-bearer in political restructuring, not have the guts to become the leader of a new party?

[Eda] It is not desirable that all persons are absorbed by and come under the "Ichi-Ichi line" [Ichiro Ozawa (Shinseito) and Yuichi Ichikawa (Komeito) of closed-door decisionmaking] type of leadership." I have not changed my view in this respect. However, the battery needs charging.

In other words, I would like to ask people to wait for a while. It is an honor that people look at me with expectations, but I also would like them to understand the [unfavorable] fact that I was the leader of a party called the USDP which had no potential to grow any larger.

#### **Shipbuilders' Restructuring Plan To Cut Costs**

*OW1309081194 Tokyo KYODO in English 0755 GMT 13 Sep 94*

[Text] Tokyo, Sept. 13 KYODO—Japanese shipbuilders are restructuring their designing operations to cut costs in the face of the yen's steady appreciation and keen competition with South Korean shipbuilders, industry officials said Tuesday [13 September].

Hitachi Zosen Corp. is pushing efforts to halve its designing cost by March 1996 by making full use of its intra-company computer network to link its designing operations nationwide, the officials said.

Mitsubishi Heavy Industries Ltd., meanwhile, is cutting its ship designing staff to one half and reassign the other half to the development of probes for submarine resources and other equipment.

Mitsui Engineering and Shipbuilding Co. is relocating half the ship designing staff at its head office to outlying shipyards, where business expenses are lower.

Most shipbuilders are also introducing a computer system linking designing and shipbuilding operations to control parts and component supplies, the officials said.

#### **Non-Oil Energy Ratio To Rise to 52.3 Percent**

*OW1309044494 Tokyo KYODO in English 0425 GMT 13 Sep 94*

[Text] Tokyo, Sept. 13 KYODO—The government on Tuesday [13 September] set a supply target for non-oil energy sources at the equivalent of 2.08 billion barrels of

crude oil in fiscal year [FY] 2010, representing 52.3 percent of Japan's total energy supply estimate for the year.

The share of non-oil energy supply compares with 41.8 percent registered in FY 1992, when a total of 3.40 billion barrel- equivalent of energy, including 1.98 billion barrels of petroleum, was supplied.

Of non-oil supply for FY 2010, nuclear power will account for the largest volume, of 673 million barrel-equivalent, or 16.9 percent of total energy supply, up from 10.0 percent in FY 1992.

A set of energy supply targets was endorsed by a ministerial meeting on Japan's comprehensive energy promotion program.

#### **North Korea**

#### **'Never-Ceasing' U.S. Military Exercises Viewed**

*SK1409042894 Pyongyang KCNA in English 0422 GMT 14 Sep 94*

["Never-Ceasing Military Exercises Against North"—KCNA headline]

[Text] Pyongyang, September 14 (KCNA)—Warmaniacs of the U.S. imperialist aggression army and the South Korean puppets sent overseas-based flying corps of the U.S. Marines and fleet and some 280 fighter planes of the U.S. Airforce stationed in South Korea and the South Korean puppet airforce to the sky above the West Sea off the Sosan Peninsula on September 11 to stage a joint military exercise for increasing the capacity of surprise strikes at targets in the strategic depths and coastal areas of the northern half of Korea, according to military sources.

On September 10, 105mm artillery groups of the puppet army deployed in the frontline area from Chongja-ri, Paju County, to Haksa-ri, South Korean Kangwon Province, fired more than 470 shells and armed bandits of the puppet army took positions on hills in Paju and Yonchon Counties and fired some 2,500 large-calibre machinegun bullets.

On September 10 and 11, 20 odd helicopter gunboats of the puppet army flew to the sky above the frontline area at a time to launch a missile-strike exercise against the North.

All these war gambles are part of the premeditated provocations committed by the Kim Yong-sam fascist clique together with the U.S. imperialist warmaniacs to lay an artificial obstacle to the DPRK-USA talks which is making a progress.

#### **ROK Han's Trip to U.S. for 'Sinister' Goal**

*SK1409102194 Pyongyang KCNA in English 1014 GMT 14 Sep 94*

["Inevitable Outcome of Mendicant Trip"—KCNA headline]



[Text] Pyongyang, September 14 (KCNA)—MINJU CHOSON today says the recent U.S. trip of the South Korean "foreign minister," Han Sung-chu, was marked by ridiculous and imprudent acts to attain a sinister political objective through solicitation and entreaty, departing from the position of national independence.

The news analyst says:

Han Sung-chu claimed that "North-South dialogue," especially the dialogue for the implementation of the joint declaration on denuclearisation, was "essential" for a success at the DPRK-U.S. talks. This was intended to obstruct the settlement of the nuclear issue on the Korean peninsula and put a spoke in the wheel of the talks between the DPRK and the United States with "North-South dialogue" as a pretext.

The Kim Yong-sam group did not express condolences on the misfortune of the dialogue partner. Worse still, it politically abused it, levelled the gun at fellow countrymen and arrested the South Korean people who were mourning over it. The group nullified the North-South joint declaration on denuclearisation, claiming that it became "ineffective."

However loudly they may cry for North-South dialogue as a "precondition" for the improvement of DPRK-U.S. relations, no one would lend an ear to it.

Han Sung-chu contended that "the armistice system must be maintained" until "a peace arrangement" is established through North-South negotiation. He even raised a "precondition" for the provision of light water reactors. This foolish act, however, revealed that he did not know where to sit and where to stand.

Mendicant trips of the traitors who go against the trend of the times and are obsessed with the old conception of confrontation can never be fruitful.

Those who seek a way out in dependence on outside force are fated to be cold-shouldered by their masters, too.

### **Kim Yong-sam Group Warned Against Starting War**

*SK1409044394 Pyongyang KCNA in English 0437  
GMT 14 Sep 94*

["Provokers Doomed to Destruction"—KCNA headline]

[Text] Pyongyang, September 14 (KCNA)—The Kim Yong-sam group recently staged a round-the-clock joint air war exercise against the North for a surprise bombing, attack on ships and air raid and a "combined landing and surprise attack exercise" on the east coast and displayed war hysterics, firing more than 820 shells on the forefront area under the eye of the North.

This shows how persistently and recklessly the Kim Yong-sam group is pursuing confrontation and war

against the nation's desire for peace and peaceful reunification of Korea, stresses NODONG SINMUN today.

The analyst says:

The war racket kicked up by the Kim Yong-sam group in South Korea with increased frenzy against the North is intended to deliberately aggravate the tensions on the Korean peninsula, drive the situation to the brink of war and hinder the improvement of relations between the DPRK and the United States at any cost.

It must not go unnoticed that the Kim Yong-sam traitorous clique, driven into a tight corner at home and abroad, is seeking a way out in a war against the North. The "civilian"-veiled regime of Kim Yong-sam is in a serious crisis in consequence of its treacherous rule.

The dictator driven to the edge of a cliff is watching for a chance of war against the North as his last gamble.

War against the North, however, is not a way out for him. It will lead him to self-destruction.

If the Kim Yong-sam group dare provoke a war, the provokers will meet a miserable end.

### **Meeting in Cuba Denounces Kim Yong-sam Regime**

*SK1409105794 Pyongyang KCNA in English 1003  
GMT 14 Sep 94*

[Text] Pyongyang, September 14 (KCNA)—A meeting denouncing the fascist outrages of the Kim Yong-sam regime was sponsored by the Cuban Institute of Friendship With the Peoples in Matanzas, Cuba, on September 5.

Addressing the meeting, Pak Kwang-ki, chief of the mission of the South Korean National Democratic Front (Hanminjon) in Cuba, said that the fascist offensive of the Kim Yong-sam regime is a foolish act to tide over the crisis of the "civilian government" which has reached its limit.

"Hanminjon will overthrow the Kim Yong-sam fascist regime in unity with the patriotic masses of all strata and certainly accomplish the cause of reunification in the 90s," he declared.

Jesus Valdes, director of the Matanzas oil refinery, in his speech said that the South Korean authorities are making a wholesale roundup of members of the South Korean Federation of General Student Councils (Hanchongnyon), youths following the chuche idea and other patriotic figures, branding them as "organisation benefiting the enemy" and "seditious forces". "This is vicious outrages of fascist tyrants who act recklessly, bereft of reason", he said.

He expressed the belief that the South Korean people of all strata rallied closely around Hanminjon would get the "National Security Law", an evil law against reunification, scrapped and surely achieve independence, democracy and reunification.



**Dialogue Views ROK Government's 'Suppression'**

*SK1409133894 Pyongyang Korean Central  
Broadcasting Network in Korean 0248 GMT 13 Sep 94*

[Dialogue between station reporters Song Sung-kang and Yu In-sun: "South Korean Puppets' Offensives of Fascist Suppression Have Reached Extremes;" date and place not given—recorded]

[Text] [Yu] How are you?

[Song] How are you?

[Yu] As has been reported, the South Korean puppet National Police Agency held a meeting of commanders on 1 September to announce new suppression policy dubbed strengthened special crime prevention activities to take strong measures against so-called illegal violent demonstrations. Let us talk about this issue.

[Song] It is noteworthy that the Kim Yong-sam puppet clique, which is facing destruction being forsaken by everyone, is making its last striving with unprecedented offensives of fascist brutal suppression. When the South Korean puppet National Police Agency announced the new suppression offensives, it said with rage that the police should not hesitate to use helicopters and guns, not mentioning rifles, to suppress pro-reunification and patriotic forces, and youths and students. Only the unrivaled Kim Yong-sam fascist homicides dare to commit such beastly violence, which is never to be tolerated and at which the whole nation is unanimously raged.

[Yu] Yes. The unprecedented suppression commotion of the Kim Yong-sam puppet clique deploying various war equipment and new weapons on a full-scale to devastate South Korean pro-reunification and patriotic forces is a very dangerous fascist act. The whole world is denouncing the Kim Yong-sam fascist murderers for deploying five helicopters to block the closing ceremony of the fifth pannational rally in Seoul on 15 August by pouring tonnes of liquid tear gas, a kind of chemical weapons, causing massive injuries and damages. This brutal act is to be raged by both heaven and people. This proves that the Kim Yong-sam fascist villains will stop at nothing to suppress the pro-reunification and patriotic forces.

[Song] That is right. The South Korean HANGYORE SINMUN published an editorial on 17 August entitled "The Government Is Losing its Discretion" about the Kim Yong-sam puppet clique's barbarous fascist suppression act on 15 August. The editorial denounced the civilian fascist clique for using helicopters to pour liquid tear gas to the participants of the fifth pannational rally held in Seoul, injuring numerous citizens and students. The editorial strongly condemned the Kim Yong-sam fascist clique for branding reunification movements as crime.

The editorial read: We would like to condemn on what basis the government's is asserting that the pannational

rally is not a civilian reunification movement but a movement controlled by the reunification strategy of the North. The government is asserting that the pannational rally is pro-North on the grounds that the rally advocates the abolishment of the National Security Law, signing of a peace agreement, reunification through a confederal state, and the package solution of the nuclear issue. However, the government's assertion not only has a loophole in its theory but also seriously distorts the facts. If any one who advocates the abolishment of the National Security Law is pro-North because the North is asserting the same, it derives a strange conclusion that the U.S. Department of State is also controlled by the North because it recently raised the National Security Law issue. Regarding the package solution, the North Korea-U.S. talks are already going to that direction.

The editorial continued: The government suppressed the pannational rally with a groundless theory, and anachronistic and Cold War attitude. As many as 65 dissident, civilian, and college groups participated in the rally. Despite the police's tenacious seal-off, some 15,000 citizens and students participated in the overnight rally which went on peacefully. By suppressing the rally, the government made an irrecoverable distance with the numerous civilian groups, making it impossible to reconcile with them.

The editorial called for an end to the civilian dictatorship of the Kim yong-sam ring, which is blocking the freedom of expression by stifling all the gatherings, discussions, and reasonable thinking.

[Yu] That is a very just assertion.

[Song] Thank you.

[Yu] Not satisfied with helicopter spraying of liquid tear gas that injured numerous people, the brutal Kim Yong-sam puppet clique is growling that it would fire guns, which are only used in wars, to youths, students, and people. How can we call these devils fellow countrymen with the same blood? The three dimensional devastation strategy against pro-reunification and patriotic forces deploying helicopters in the sky, and various rifles, armored cars, and guns on the ground, is an unprecedented brutal act. This plainly proves the seriousness of the South Korean Kim Yong-sam puppets' wielding the sword of the new security-oriented ruling and fascist billy club of the notorious National Security Law.

[Song] Yes. The Kim Yong-sam puppets' fascist suppression, which is to be raged at by both the heaven and people, is their last striving to find a way out from being completely forsaken by people at home and abroad because they did not express condolences over the passing away of the nation's great leader but brandished a sword at those who expressed condolences. In particular, it is merely a produce of the sense of crisis from the extreme panic and anxiety due to the recent development of DPRK-U.S. talks. May the South Korean Kim Yong-sam puppets deploy helicopters and fire guns, but



the high civil consciousness of South Korean youths, students, and people, which will soon reach a decisive stage to overthrow the Kim Yong-sam puppet clique, traitors of the nation and fascist homicides, will never yield. Puppet traitor Kim Yong-sam, who can never avoid the punishment of the nation, has actually arrived at his grave. We will soon witness the tragic last of traitor Kim Yong-sam.

### **Foreign Leaders Support Korean Reunification**

*SK1209103994 Pyongyang KCNA in English 1019 GMT 12 Sep 94*

[Text] Pyongyang, September 12 (KCNA)—The Panamanian president and foreign party leaders expressed support to the Korean people in the struggle for national reunification when they met a delegation of the Workers' Party of Korea recently.

Ernesto Perez Balladares, president of Panama, hoped that the Korean people will register greater achievements in the efforts for the country's development and peaceful reunification under the guidance of the dear leader His Excellency Kim Chong-il, the heir to the noble cause of respected His Excellency President Kim Il-song who devoted his whole life to the independence and freedom of the country, the happiness of the people and the world peace.

Gustavo Tablada Celaya, chairman of the Nicaraguan Socialist Party, said that the dear leader Comrade Kim Chong-il is leading to a brilliant victory the revolutionary cause of *chuche* started by the great leader Comrade Kim Il-song. And he expressed the firm belief that the courageous and resourceful Korean people under his wise guidance will certainly achieve the victory of the cause of socialism and Korea's reunification desired by the great leader so earnestly in his lifetime.

Adolfo Jarquin, chairman of the Nicaraguan Social-Democratic Party, hoped that the Korean people under the wise guidance of the dear leader Comrade Kim Chong-il will register enormous achievement in socialist construction and the struggle for national reunification.

Emile Kibala Bey a Nsien, national chairman of the Workers' Party of Zaire, when he received the Korean ambassador on September 3, said the great achievements made by the Korean people under the wise guidance of the dear leader Comrade Kim Chong-il in socialist construction and the work for national reunification and peace on the Korean peninsula by making energetic efforts to fulfil the behests of the great leader Comrade Kim Il-song give a strong inspiration to the world progressive people. He extended full support and solidarity for the struggle of the Workers' Party of Korea and the Korean people.

### **Comfort Women Compensation Demanded From Japan**

*SK1109140094 Pyongyang Korean Central Broadcasting Network in Korean 0245 GMT 11 Sep 94*

[Unattributed talk: "Japanese Reactionaries' Criminal Attempt To Avoid Compensation"]

[Text] The Japanese reactionary ruling circles are now making various attempts to avoid apologizing and compensating for their unforgivable past crimes committed during World War II, including the comfort women issue, while running counter to the aspirations of our people who treasure justice.

In his news conference on 22 August, Japanese Vice Financial Minister Saito expressed his negative attitude regarding compensation for the victims of World War II, including comfort women. In particular, he is openly opposed to compensation for those who were forced to serve as sex slaves for Japanese soldiers during the war, preposterously maintaining that the comfort women issue has already been resolved between the concerned countries. It is trifling with an international society which desires Japan liquidate its past wrongdoings. Also, this is cunning behavior to avoid making compensation, while hiding its past crimes.

As recorded in history, it is true that because of Japan's past aggression, brutal acts, exploitation, and plunder, our people and people throughout Asia suffered many damages. Therefore, it is an unbreakable obligation of Japan to compensate for that damage.

In particular, the Japanese Government and military leadership should issue a strongly worded apology and compensate for their anti-humanity crimes of forcing 200,000 women—including women from Asia and other European countries—to serve as sex slaves for Japanese soldiers during World War II. They carried it out in an attempt to implement state policy.

Nevertheless, until now Japan has destroyed the international society's justice and morality, and has failed to compensate for its major crimes of the past, violently breaching international law. What we cannot overlook is that Japan is loudly babbling that it has liquidated its past wrongdoings, even if it has failed to compensate for the damages.

As for the loud remarks by Japanese Vice Financial Minister Saito, if Japan had liquidated its past crimes, then why are there still various attempts to seek compensation by so many countries and areas, including Taiwan, Hong Kong, Singapore, Netherlands, the United Kingdom, the United States, Australia, and New Zealand? Such strong protests by the international society are an expression of their indignation over the cunning behavior of Japan, which has attempted to skillfully hide its past crimes under the pretext of unreasonable reasons. Japan has not tried to clearly liquidate its past crimes despite the strong protest of fair public



opinion. This is an open expression of their cunning behavior to repeat their past aggressive crimes. Also, this was more clearly proven by the continuous and absurd remarks by the Japanese authorities—including Sakurai, former Japanese environmental minister—that embellish the Pacific War, as well as by Japan's acceleration to become a military superpower, to develop nuclear arms, and to establish a wartime mobilization system in preparation for an emergency situation.

Japan should not adhere to an anachronistic daydream to once again achieve its old criminal dream of a Greater East Asian Co-prosperity Sphere, but rather should take action to make material compensation for those damages, along with apologizing, allowing them to depart from their past crimes. When this happens, Japan will gain the trust and understanding from people throughout Asia. Japan should clearly liquidate its past wrongdoings as soon as possible.

#### **O Mun-han Urges Compensation**

*SK1209093094 Pyongyang Korean Central  
Broadcasting Network in Korean 1300 GMT 10 Sep 94*

[Text] O Mun-han, chairman of the Committee for Compensation Measures for Comfort Girls for the Japanese Army and Victims of Pacific War in Our Country, issued a press statement on 8 September denouncing the crafty maneuvers the Japanese Government is perpetrating to settle its past crimes, including crimes against comfort girls.

The statement, touching on the statement pertaining to the issue of the post-war dispositions announced by the Japanese Government on 31 August, in the name of the prime minister, pointed out that the Japanese Government said compensations between states have been completed and, therefore, it is the government policy not to pay compensation to individuals. The Japanese Government intends to express the will for self-examination on the comfort girls issue, which is the essential issue in Japan's wartime crimes, by promoting exchanges with neighboring countries in the future. It also plans to support them with civilian funds.

The Japanese Government's announcement of the so-called plan for peace, friendship, and exchange is a wicked attempt to appease voices of comfort girls victims and their families who demand a fair and impartial handling of the crime on comfort girls. This crime is a terrible human rights violation incident in which over 200,000 women, most of them Korean women, were taken away by means of force as sexual slaves for the Japanese Army, and most of them were massacred. Nevertheless, the Japanese Government distorted the truth as if the compensation issue had been resolved, and raved about researching history, promoting exchanges, and so forth. Besides, it is adhering to a cunning trick to eradicate even the word compensation from the people's memories by pretending that it is doing something good for the people.

Concealed in this trick is an attempt to drag in the Southeast Asian countries as a bait for economic assistance by ignoring deserved demands of international social circles that have been enhanced each day for making atonement for Japan's past crime. This trick also contains Japan's ambition to realize by all means its old dream of the great East Asia co-prosperity sphere.

Japan's past behavior is not an issue that Japan can handle freely at its convenience but one that should be resolved in accordance with the demand of the victims and international laws.

I express indignation toward the Japanese Government's erroneous position and attitude. Reflecting bitter outcries and demands of victims of former comfort girls in our country and their bereaved families, I call on the Japanese Government for the following:

The Japanese Government should not continue adhering to a trick to quell Japan's past crimes but thoroughly investigate true aspects of wartime human rights violations, including the crimes on comfort girls for the Japanese Army. It should make such crimes public and compensate victims as an expression of its apology.

In order for the next generations in Japan not to repeat such crimes, the Japanese Government should punish the war criminals responsible for wartime crimes.

In conclusion, I, in the name of the Committee for Compensation Measures for Comfort Girls for the Japanese Army and Victims of the Pacific War, demand that the Japanese Government discard the attempt to hush up the issue of forcibly drafting Koreans in wartime, including comfort girls for the Japanese Army, but resolve the issue righteously. I also appeal to the UN human rights organizations and figures from social and judicial circles of the world, who aspire to justice and defend human rights, to pay deserved attention to this matter and to urge the Japanese Government to resolve its wartime crimes at an early date.

#### **International Jurists Make Appeal**

*SK1309110294 Pyongyang KCNA in English 1021  
GMT 13 Sep 94*

[Text] Pyongyang, September 13 (KCNA)—The International Commission of Jurists published an appeal on September 2 urging the Japanese Government to make full compensations to the "comfort women for the Army".

The appeal recalls that the International Commission of Jurists has sent a fact-finding group to the Democratic People's Republic of Korea, the Philippines, Japan and other places to find what responsibility the present Japanese Government must bear to the former "comfort women for the Army" and what compensation it must make to them.

"The fact-finding group has confirmed through interviews and documents that the Japanese 'imperial Army'



initiated the establishment of many 'comfort houses' before and during the Second World War. Women and girls of China, the Netherlands, the Philippines, Indonesia, Korea, Malaysia and Taiwan were taken to the 'comfort houses' where they were forced to 'sex services,' beaten and even tortured," the appeal says, and goes on:

"It is self-evident that the Japanese Government must make moral and legal compensations to the victims. Japan must make public all-round and complete materials and hold in or before six months a government-sponsored forum where the testimonies of the victims would be heard. Japan must take a measure for full compensations to the victims. In case the Japanese Government refuses this, a tribunal or a criminal arbitration court must be set up as early as possible."

The appeal says that, if the afore-said demands are not met, the Japanese Government must make a compensation to each "comfort woman" as a temporary measure.

"In case the Japanese Government persists in its present policy, this being a legal issue, the non-governmental organisations representing the 'comfort women' for the Army should bring it to the appropriate international organisations and the UN organisations with a view to demanding recommendations of the international court of justice," it urges.

It calls upon the former allied nations to make public all the materials in their possession and put pressure on the Japanese Government to adopt appropriate measures to make full compensations to the victims and restore them to the status quo.

#### **Paper Demands Japan Renounce Nuclear Ambitions**

*SK1409050794 Pyongyang KCNA in English 0456 GMT 14 Sep 94*

[Text] Pyongyang, September 14 (KCNA)—Japan's nuclear armament is intended to convert herself into a military power and a nuclear power, rank among the big powers of the world, have more say and more weight in the international arena and establish her domination, declares NODONG SINMUN today.

Noting that Japan's nuclear armament has entered a grave stage, the paper in a by-lined article says:

Taking advantage of the recent change of the international situation after the bankruptcy of the policy of strength of the superpowers, the Japanese reactionary forces are stepping up nuclear armament, becoming more outspoken in their militarist ambition.

Japan has already manufactured an electronic explosive device and stockpiled a large amount of plutonium, thus securing everything needed for the manufacture of nuclear weapons, and developed and produced vehicles of nuclear warheads. Recently, Japan has developed an inter-continental rocket.

Japan's nuclear armament is an undeniable reality today. It assumes a greater danger because the Japanese militarists are bent on troop dispatch overseas.

Japan's nuclear armament is a new hotbed of nuclear war in Northeast Asia. This has a grave impact on the situation of the Korean peninsula.

Since the Japanese reactionaries are watching for a chance of reinvasion, setting Korea as the first target of attack in their overseas aggression, Japan's nuclear armament may drive the unstable situation on the Korean peninsula to a grave phase.

If Japan's nuclear armament is stepped up in real earnest, our efforts to denuclearise the Korean peninsula will be meaningless.

Japanese militarism has grown to be a dangerous force of war again in Asia. The aggressive nature of Japanese militarism remains unchanged, and overseas aggrandizement is a vital demand of the Japanese monopolies.

In the past, Japan unleashed the Pacific War and occupied and dominated many countries with conventional arms. If Japan rounds off her nuclear armament, she may run amuck more recklessly. It is self-evident that in that case peace and security in Northeast Asia and the rest of Asia will be disturbed to a great extent and the world people will be unable to avoid a nuclear disaster.

The Japanese reactionaries must not forget the historical lesson from their defeat and nuclear scourge in the past, but give up nuclear armament, looking squarely at the trend of the times.

#### **Chongnyon Delegation Meets With Veteran Fighters**

*SK1109083894 Pyongyang KCNA in English 0822 GMT 11 Sep 94*

[Text] Pyongyang, September 11 (KCNA)—A delegation of veteran cadres of the General Association of Korean Residents in Japan (Chongnyon) led by Kim Chang-hyon, advisor of the Haku Obang Publishing House, staying in the socialist homeland, met anti-Japanese revolutionary fighters, heroes and heroines of the DPRK and men of merits during the war in Pyongyang Saturday [10 September].

In their talk fighters, heroes and heroines and men of merits cited examples that the first and second generations of the revolution had won signal victories unprecedented in the history of the nation, remaining loyal to the leadership of the great leader President Kim Il-song, the ever-victorious, iron-willed brilliant commander, holding him in high esteem.

They said they would remain loyal to dear Comrade Kim Chong-il, holding him in high esteem as the great leader of the nation as they held the respected leader President Kim Il-song in high esteem.



The head and members of the delegation said on the occasion that they would hand down to the new generations of Chongnyon, as a precious pabulum of the revolution, the unbounded fidelity to the party and the leader, the indomitable fighting spirit, the revolutionary spirit of self-reliance and strenuous efforts, which were displayed by the anti-Japanese revolutionary fighters, heroes and heroines of the republic and men of merits in the war, that they may take the lead in bringing into reality what the great leader intended in his lifetime. They said they would continue to take the road of patriotism and the road of revolution, to the end and remain loyal in this road, with a firm conviction of victory that they would surely win as long as they are led by respected supreme commander Comrade Kim Chong-il.

#### **Chongnyon Committee Sends Thanks to Kim Chong-il**

*SK1009151494 Pyongyang KCNA in English 1509 GMT 10 Sep 94*

[Text] Tokyo, September 8 [date as received] (KNS-KCNA)—The Central Standing Committee of the General Association of Korean Residents in Japan (Chongnyon) sent a message of thanks today to the respected supreme commander General Kim Chong-il in connection with the remittance of educational aid fund and stipends for the democratic national education of Chongnyon.

Pointing out that they received with excited feelings a large sum of the educational aid fund and stipends amounting to 100 million yen in Japanese currency, the message says that it is thanks to the paternal love and solicitude of Generalissimo Kim Il-song and the respected general that Chongnyon has been able to strengthen and develop national education and bring up the rising generation to be creditable successors to the patriotic cause by applying the *chuche*-based idea on education.

"We will thoroughly establish the leadership system of you the respected general within our organisation so as to further strengthen and develop Chongnyon into a singleheartedly united overseas Koreans' organisation of *chuche* unfailingly loyal to you," the message says, and stresses:

"We will decisively upgrade the quality of school education, bearing deep in mind the teachings of Generalissimo Kim Il-song and you General Kim Chong-il about the national education of Chongnyon, thus more fully displaying the advantage and effectiveness of national education and more stoutly rearing the rising generation to the successors to the patriotic cause boundlessly loyal to you.

"We will also increase the ranks of students, solidify the self-supporting foundation of school management and make new strides in defending and extending the rights of national education."

The message sincerely wishes General Kim Chong-il good health and a long life.

#### **Delegation of Chongnyon Officials Meets Yi In-mo**

*SK1409042994 Pyongyang KCNA in English 0426 GMT 14 Sep 94*

[Text] Pyongyang, September 14 (KCNA)—A delegation of old officials of the General Association of Korean Residents in Japan (Chongnyon) headed by Kim Chang-hyon, advisor to the Haku Sobang Publishing House of Chongnyon, on a visit to the socialist homeland met here Tuesday [13 September] with Yi In-mo, the incarnation of faith and will.

Yi In-mo told them the death of the respected Generalissimo Kim Il-song is a big loss for the whole nation and the world revolution. "But, I feel reassured because we have another great leader," he said.

Stressing that it is important for the people active in an alien land to have revolutionary faith, Yi In-mo expressed the firm belief that the overseas compatriots will make active efforts to fulfill the behests of the great leader with the faith that we will surely win, led by General Kim Chong-il, the respected supreme commander.

The head and the members of the delegation said Yi In-mo could fight undauntedly in prison for 34 years, not abandoning faith, because there were the great leader and the dear leader. They added that Yi In-mo's strong will and revolutionary faith gave a great inspiration to them.

They expressed the resolution to work energetically for national reunification and the prosperity of the country under the guidance of the dear leader, firmly trusting only him as the mental pillar.

#### **Japanese Scholars, Guest Arrive 13 Sep**

*SK1409044794 Pyongyang KCNA in English 0438 GMT 14 Sep 94*

[Text] Pyongyang, September 14 (KCNA)—A delegation of Japanese Scholars led by Konoe Mushakoji, former deputy president of U.N. University and professor of Meiji Gakuin University of Japan, and Pak Chong-hyon, permanent advisor to the Central Standing Committee of the Democratic Union of Korean Women in Japan, for a visit to the socialist homeland arrived in Pyongyang on Tuesday [13 September] by air.

#### **Long Relations of Friendship With PRC Hailed**

*SK1309093994 Pyongyang Korean Central Broadcasting Network in Korean 0243 GMT 7 Sep 94*

[Unattributed talk: "Invincible DPRK-PRC Friendship Based on Comradely Fraternity and Revolutionary Obligation"]



[Text] DPRK-PRC's long tradition of friendship flourishes more beautifully as times goes by. As stressed by leaders of the two countries, relations between the people of the DPRK and China are not ordinary ones but are unique relations of friendship that can exist between true revolutionary comrades.

When we speak about DPRK-PRC friendship we cannot think of it apart from the comradely trust and intimacy and the sense of revolutionary obligation existing between leaders of the two countries.

The great leader Comrade Kim Il-song taught: Since long ago, the people of the DPRK and China have shared their fate in the struggle against their common enemy, linking their destiny into one, and have deepened comradely friendship, treasuring up the sense of obligation as revolutionary comrades-in-arms.

The great leader Comrade Kim Il-song forged early relations of comradely friendship and intimacy, provided a flower garden of DPRK- China friendship, and brought it into full bloom.

Since long ago, the great leader Comrade Kim Il-song forged relations of comradely friendship and intimacy with the great leader of the Chinese people Comrade Mao Zedong, the respected Comrade Chou Enlai, and Comrade Deng Xiaopeng and, thus provided a flower garden of DPRK-China friendship and brought it into full bloom.

Since long ago, the leaders of the two countries have frequently visited each other without being tied to usual diplomatic practice or formality, exchanged opinions with each other, and, thus, deepened their comradely trust. This has become a tradition and developed [word indistinct] generation after generation. With the lapse of time the mutual visits between the leaders of the DPRK and China have become (?more) frequent. During this course, the leaders of the two countries have further deepened comradely intimacy and sense of revolutionary obligation.

Even in recent years, following his visit to China in 1982, the great leader Comrade Kim Il-song visited China again in 1984 and 1987. After that, he visited China again in November 1989 and October 1991. He had significant meetings with party and state leaders of China, and further deepened friendship with them. This pleased infinitely the people of the DPRK and China who have shared the same fate with each other.

The dear leader Comrade Kim Chong-il visited China in 1983. This marked a momentous occasion in establishing a new milestone on the chronicle of DPRK-China friendship. With the historic visit to China by the dear leader Comrade Kim Chong-il, it has been possible to more firmly establish the foundation to strengthen and develop DPRK- China friendship generation after generation, and this has become a great pride for the people of the DPRK and China.

Party and state leaders of China, as well, have frequently visited our country. Since respected Comrade Deng Xiaopeng visited our country in 1982, many party and state leaders of China have visited our country in recent years.

In March 1990, respected Jiang Zemin visited our country, which was the first foreign country visited by him following his election as general secretary of the CPC Central Committee by members of the Chinese Communist Party and the Chinese people. This is an expression of the special confidence and friendship of the CPC and Chinese people toward our party and people and shows the firm will of Comrade Jiang Zemin and the CPC to treasure the DPRK-China friendship jointly provided and fostered by the great leader Comrade Kim Il-song and Chinese leaders, including Comrade Mao Zedong, Comrade Chou Enlai, and Comrade Deng Xiaopeng.

On the days of their mutual visits and meetings, leaders of the two countries have provided a firm guarantee that can further deepen relations of comradely friendship and intimacy and develop DPRK- China friendship into a new high stage.

Today, DPRK-China friendship is flourishing as a beautiful flower garden amid the deep concern of the dear leader Comrade Kim Chong-il, Chinese leaders, and the CPC with Comrade Jiang Zemin as the center.

Indeed, the DPRK-China friendship, with a long tradition in history, is being more firmly deepened as invincible one, thanks to comradely friendship and revolutionary sense of obligation between party and state leaders of the two countries. It is also taking pride as firm friendship that cannot be broken by any force. The people of the DPRK and China have the inevitable common destiny to jointly advance, shoulder to shoulder, standing on the same rank of the joint struggle against imperialism, for peace in Asia and the world, and for the victory of the socialist, communist cause forever, not only today, but also in the future.

The destiny of the people of the DPRK and China has been linked into one because of their common aspiration and desire. More extensively expanding and developing DPRK-China friendship generation after generation is the joint duty of the people of the two countries. Our people will advance without the slightest trepidation under any complicated and serious circumstances, holding aloft the banner of the revolution, the banner of socialism, and will also jointly struggle, shoulder to shoulder, with the fraternal Chinese people in carrying out the common cause of opposing imperialism and building socialism.

The invincible DPRK-China friendship, based on comradely fraternity and revolutionary sense of obligation between leaders of the DPRK and China, will continue to demonstrate its great vitality in safeguarding and developing the anti-imperialist cause of independence



and the socialist cause and will constantly strengthen and develop together with the [word indistinct] and advance of the revolutionary cause of the people of the two countries.

**Italian Communist Party Leader Travelogue Cited**  
*SK1409151394 Pyongyang KCNA in English 1503*  
*GMT 14 Sep 94*

["Korea, Highly Developed and Powerful Country"—KCNA headline]

[Text] Pyongyang, September 14 (KCNA)—Korea is a highly developed and powerful country, declared Oliviero Diliberto, member of the leadership and the secretariat of the Communist Re-establishment Party of Italy, director of LIBERAZIONE, the organ of the party, and a parliamentarian, in his travelogue on Korea which was carried by LIBERAZIONE some time ago.

He said Korea is not affected by any economic fluctuation in the world because she has all along pursued an economic policy of self-reliance and the building of an independent national economy. It is rich in resources and workforce and peculiarly united inside and gets on independently.

All the people, he noted, live in neat modern dwellings built at state expenses, enjoy the benefits of free education and free medical care and the students and school children are supplied with clothes at prices next to nil under the popular policy.

Comrade Kim Chong-il is the supreme leader of the Korean people who has long since administered the overall affairs of the party, the state and the Army, he noted, adding:

The question of inheriting the leader's cause was successfully resolved long ago in Korea.

Noting that the adoption of an agreed statement at the third round of DPRK-U.S. talks was a victory of Pyongyang diplomacy, he said that Italy should make a practical contribution to the reunification of Korea.

**Pak Song-chol Meets With Libyan Army Inspector**

*SK1009133794 Pyongyang Korean Central Broadcasting Network in Korean 1100 GMT 8 Sep 94*

[Text] On 3 September DPRK Vice President Pak Song-chol, the head of a DPRK Government delegation that participated in celebrations on the anniversary of Libya's great 1 September revolution, met and conversed [tamhwa] with Senior Colonel (Mustaf al-Harbi), the general inspector of the Libyan Armed Forces, in a friendly atmosphere.

At the meeting, Senior Colonel (Mustaf al-Harbi) recalled with deep emotion that he was received by the

great leader Comrade Kim Il-song when he visited our country in April, and expressed deep condolences over his death.

He stated: Losing his excellency President Kim Il-song is a great loss to the progressive people and revolutionary forces of the world. He was the spokesman [taebyonja] for the revolution and its principles, as well as the great leader of the countries of the third world.

Noting the Libyan people's great expectations for Comrade Kim Chong-il, the outstanding leader [tagworhan yongdoja] of the DPRK, he asked the head of our delegation to convey his greetings of longevity to Kim Chong-il.

(Mustaf al-Harbi) warmly congratulated the DPRK people on their upholding his excellency Kim Chong-il as their great leader [widaehan yongdoja], and hoped the DPRK people will adhere to the revolutionary principles and line presented by the great President Kim Il-song.

After mentioning friendly relations between Libya and the DPRK, he deeply thanked the dear his excellency Kim Chong-il for dispatching a high-level delegation to the recent celebrations marking the anniversary of the Libyan revolution.

Prior to this, on 29 August the delegation leader met and conversed with the secretary of the General People's Committee of (?Marine Resources), who is also chairman of the Libyan Arab-DPRK Friendship Committee.

The delegation departed Tripoli on 5 September, winding up its visit to this country.

**Hwang Chang-yop Meets Outgoing Romanian Envoy**

*SK1309111494 Pyongyang KCNA in English 1030*  
*GMT 13 Sep 94*

[Text] Pyongyang, September 13 (KCNA)—Secretary of the Central Committee of the Workers' Party of Korea, Hwang Chang-yop, today met and conversed with Romanian Ambassador to Korea Aureliu Ioan Lazar when the latter paid a farewell call on him.

**People's Committee Greets Nicaraguan President**

*SK1309111094 Pyongyang KCNA in English 1028*  
*GMT 13 Sep 94*

[Text] Pyongyang, September 13 (KCNA)—The Central People's Committee of the Democratic People's Republic of Korea on September 12 sent a message of greetings to Violeta Barrios de Chamorro, president of the Republic of Nicaragua, on the 173rd anniversary of the independence of the country.

Expressing the belief that the friendly relations between Korea and Nicaragua will further develop in the interests



of the two peoples, the message wishes the president and people of Nicaragua greater success in the work for the prosperity of the country.

#### **Anniversary of Relations With Saint Lucia Noted**

*SK1309110694 Pyongyang KCNA in English 1024  
GMT 13 Sep 94*

["Diplomatic Ties Between Korea and Saint Lucia 15 Years Old"—KCNA headline]

[Text] Pyongyang, September 13 (KCNA)—NODONG SINMUN and MINJU CHOSON today carry by-lined articles on the 15th anniversary of the opening of diplomatic relations between Korea and Saint Lucia.

The establishment of diplomatic ties at ambassadorial level between the two countries marked an important milestone in developing the friendly and cooperative relations between Korea and Saint Lucia in the common interests of the two peoples, says NODONG SINMUN, and goes on:

In the past period the peoples of Korea and Saint Lucia have striven to deepen their mutual understanding and promote friendship. In this course the friendly relations between the two countries have developed favorably.

Saint Lucia is changing its looks day by day thanks to the efforts of its people to build a new life and develop the country.

The Korean people are following with interest the building of a new society by the Saint Lucia people and hope for new achievements in their future work.

MINJU CHOSON says the Korean people believe that the friendly relations between the two countries will grow stronger and develop in the future.

#### **Minutes of Economic Talks With Bangladesh Signed**

*SK1409043894 Pyongyang KCNA in English 0418  
GMT 14 Sep 94*

[Text] Pyongyang, September 14 (KCNA)—Talks were held here between government economic delegations of Korea and Bangladesh.

Minutes of the talks were signed on September 12.

Present at the signing ceremony were Vice-chairman of the State External Economic Affairs Commission Cho Won-myong and other officials concerned from the Korean side and the members of the delegation headed by secretary of the Ministry of Commerce A.H.M. Mufazzal Karim [spelling of name as received] from the opposite side.

#### **Tanzanian Prime Minister Arrives in Pyongyang**

*SK1309152094 Pyongyang KCNA in English 1512  
GMT 13 Sep 94*

[Text] Pyongyang, September 13 (KCNA)—John Samuel Malecela, prime minister and first vice-president

of the United Republic of Tanzania, and his party arrived here today to pay an official goodwill visit to Korea at the invitation of the government of the Democratic People's Republic of Korea.

His party consists of Minister for Water, Energy and Mineral Resources Jakaya Mrisho Kikwete, Vice-minister of Industries and Trade Nicas G. Mahinda, principal secretary of the Ministry of Agriculture, Livestock Development and Cooperative Raphael Mhagama and others. The guests were met by premier Kang Song-san, secretary of the C.C. [Central Committee], the Workers' Party of Korea Hwang Chang-yop, Vice-premier Kong Chin-tae and other officials concerned at the airport. A ceremony for welcoming John Samuel Malecela was held at the airport.

#### **Lays Wreath at Kim Il-song Statue**

*SK1409044094 Pyongyang KCNA in English 0430  
GMT 14 Sep 94*

[Text] Pyongyang, September 14 (KCNA)—John Samuel Malecela, prime minister and first vice-president of the United Republic of Tanzania, on an official goodwill visit to Korea Tuesday [13 September] laid a wreath before the statue of the great leader President Kim Il-song on Mansu Hill in Pyongyang.

The guard of honor of the Korean People's Army lined up before the statue.

Present there were Premier Kang Song-san, Secretary of the Central Committee of the Workers' Party of Korea Hwang Chang-yop, Vice-premier Kong Chin-tae and other officials concerned and Tanzanian Ambassador to Korea Seif Ali Eddy [spelling of name as received].

The entourage of the Tanzanian prime minister and first vice-president was on hand.

The band struck the national anthems of Korea and Tanzania before the wreath was laid before the statue of President Kim Il-song to the strains of the dirge.

Those present observed a moment's silence in memory of President Kim Il-song.

The Tanzanian prime minister and first vice-president said that the Tanzanian people expressed deep condolences on the death of the great leader President Kim Il-song, adding that his death is a big loss for the Korean and the Tanzanian people.

#### **Holds Talks With Kang Song-san**

*SK1409112694 Pyongyang KCNA in English 1024  
GMT 14 Sep 94*

[Text] Pyongyang, September 14 (KCNA)—Talks were held here today between Kang Song-san, premier of the Administration Council of the Democratic People's Republic of Korea, and John Samuel Malecela, prime minister and first vice-president of the United Republic of Tanzania.



Present at the talks on the Korean side were Vice-premier Kong Chin-tae, Chairman of the State External Economic Affairs Commission Yi Song-tae, Vice Foreign Minister Kim Yong-il and other officials concerned and on the opposite side were Minister for Water, Energy and Mineral Resources Jakaya Mrisho Kikwete, Vice-minister of Industries and Trade Nicas G. Mahinda, principal Secretary of the Ministry of Agriculture, Livestock Development and Cooperative Raphael Mhagama, Tanzanian Ambassador to Korea Seif Ali Eddy and others.

At the talks the sides informed each other of the situation of their countries and exchanged views on further development of the friendly and cooperative relations between the two countries and a series of issues of mutual concern.

The talks proceeded in a friendly atmosphere.

#### **Health Cooperation Accord Signed With Mongolia**

*SK1409044994 Pyongyang KCNA in English 0427 GMT 14 Sep 94*

[Text] Pyongyang, September 14 (KCNA)—A 1994-1995 plan on cooperation in health care and medical science between the Ministries of Public Health of the Democratic People's Republic of Korea and Mongolia was signed in Ulaanbaatar on September 4.

#### **More Activities Commemorate Founding Anniversary**

##### **Indian Institute Holds Seminar**

*SK1009101894 Pyongyang KCNA in English 1008 GMT 10 Sep 94*

[Text] Pyongyang, September 10 (KCNA)—A joint seminar was held in New Delhi on September 3 to celebrate the 46th founding anniversary of the Democratic People's Republic of Korea, at which the Asian Regional Institute of the Chuche Idea called upon the followers of the chuche idea worldwide to briskly conduct the dissemination and study of the idea.

An appeal adopted at the seminar stressed the need to form an integrated whole by closely uniting around dear Comrade Kim Chong-il who is successfully carrying forward what the respected leader Comrade Kim Il-song, the founder of the immortal chuche idea, intended in his lifetime.

It called upon the regional institutes and national committees for the study of the chuche idea to set February 16, the birthday of the dear leader Comrade Kim Chong-il, as "day of chuche" and make it a tradition to grandly celebrate this day as a holiday common to mankind.

Appealing to the followers of the chuche idea the world over to more briskly conduct the dissemination and study of the chuche idea with a pride and honor of being

the successors to the cause of chuche, it declared the party would convene an international seminar on the chuche idea on February 16 every year in order to disseminate and study great Kimilsongism-Kimchongilism on a fuller scale.

The followers of the chuche idea of the world should turn out to defend the DPRK, the homeland of chuche, the appeal said, and added:

The Asian Regional Institute of the Chuche Idea calls for more dynamically conducting worldwide the movement supporting the Korean people in their just struggle to reunify the country under the banner of the three principles of independence, peaceful reunification and great national unity and the 10-point programme of the great unity of the whole nation.

#### **Anniversary Celebrated Abroad**

*SK1009150894 Pyongyang KCNA in English 1503 GMT 10 Sep 94*

[Text] Pyongyang, September 10 (KCNA)—The 46th anniversary of the founding of the Democratic People's Republic of Korea was celebrated in different countries.

The Chinese People's Association for Friendship With Foreign Countries and the China-Korea Friendship Association gave a party in joint name in Beijing.

Speaking at the party, Lui Huaiyuan, president of the Chinese People's Association for Friendship With Foreign Countries, said that under the leadership of the great leader President Kim Il-song the Korean people founded the DPRK through their prolonged valiant struggle and made the achievements in socialist construction which attract the attention of the world people.

The Chinese people are sincerely rejoiced over the achievements of the fraternal Korean people and wish them new success in accomplishing the great cause of building the country, he noted, adding: Chinese people will as ever positively support the efforts of the Korean party and government.

Celebrations were held in Podolsk, Moscow region of Russia. Aleksey Umanskiy, first deputy mayor of Podolsk, in his speech at a meeting stressed that Korea, under the wise guidance of the great leader Comrade Kim Il-song and the dear leader Comrade Kim Chong-il, gained great achievements in the revolution and construction over the past 46 years and is firmly defending the socialist idea even in the complicated international situation. Socialism of Korea is invincible, he added.

A joint seminar celebrating September 9 was sponsored by the Asian Regional Institute of the Chuche Idea in India on September 3.

Secretary general of the party Govind Narain Srivastava [spelling of name as received] in his speech said that the faith of the Korean people to hare destiny with the dear



leader Comrade Kim Chong-il to the end is more steadfast because it is based on the absolute belief that the great leader is immediately the dear leader and vice versa. "Such faith should be the faith of the followers of the chuche idea themselves," he noted.

A letter to Comrade Kim Chong-il was adopted at the seminar.

It also adopted an appeal to the chuche idea followers of the world.

### Meetings Held Abroad

*SK1309151894 Pyongyang KCNA in English 1503 GMT 13 Sep 94*

[Text] Pyongyang, September 13 (KCNA)—Meetings were held recently in Togo, Zaire, Bangladesh, Peru and Ghana and gatherings, film shows and photo exhibitions in Finland and Nigeria in celebration of the 46th anniversary of the founding of the Democratic People's Republic of Korea.

Speeches were made at the functions.

Speaking at a meeting sponsored by the national movement of the Genuine Lumumbist Combatants of Zaire on September 2, National Chairman of the Movement Otete Gaston Mboyi said that since its foundation, the DPRK has defended the dignity of the country and the nation, repulsing the aggressive moves of foreign imperialists and the anti-DPRK manoeuvres of the reactionaries.

"Korea has been strengthened and developed into a socialist country centred on the popular masses and into a powerful socialist country where the principles of independence, self-sustenance and self-reliant defence are applied under the wise guidance of His Excellency Kim Chong-il, the successor to the revolutionary cause of His Excellency President Kim Il-song," he added.

Noting that the DPRK guided by His Excellency Kim Chong-il is a genuine people's power guided by the chuche idea, he sincerely hoped that the Korean people under his wise guidance would register greater achievements in their struggle to build a prosperous socialist country and reunify the country.

Congratulatory messages to the dear leader Comrade Kim Chong-il were adopted at the meetings held in Bangladesh and Ghana.

### Symposium Held in Nepal

*SK1309152694 Pyongyang KCNA in English 1510 GMT 13 Sep 94*

[Text] Pyongyang, September 13 (KCNA)—A symposium on the subject "Comrade Kim Chong-il is an Outstanding Leader of Revolution and Construction" was held in Kathmandu on September 4 on the occasion

of the 46th anniversary of the founding of the Democratic People's Republic of Korea under the cosponsorship of the Nepal Institute for Chuche Studies and the International Study Centre for Chuche-oriented Mass Media in Nepal.

Manik Lal Shrestha, director of the Nepal Institute for Chuche Studies, in his speech said that the DPRK founded and glorified by the great leader Comrade Kim Il-song is the banner of sovereignty and independence and a fortress of world's socialism.

The chuche idea has been formulated as an integral system of idea, theory and method and applied perfectly to socialist construction by the dear leader Comrade Kim Chong-il, he noted.

He stated that the secret of the victorious advance of the revolution and construction in Korea lies in that the party and people are united as one around the leader and the great victory of the singlehearted unity achieved by the Korean people is unthinkable apart from the distinguished leadership art of Comrade Kim Chong-il and his deepest love for and devotion to the people.

Former member of Parliament Sind Nat Pyakurel said that all the achievements made by the DPRK in the past 46 years were based on the wise guidance of the great leader Comrade Kim Il-song and the dear leader Comrade Kim Chong-il.

What is most important of all the feats in Korea is the most successful solution of the question of succeeding the leader, he noted, adding: "It is optimistic and certain that the Workers' Party of Korea will continue to promote socialist construction because it has Comrade Kim Chong-il as the leader."

Tulsi Lal Amatya, member of the C.C. [Central Committee], the Nepal Communist Party (United Marxism-Leninism) and chief advisor, said that all the countries of the world envy Korea its singlehearted unity. The future of Korea is definite and bright because it is led by the great leader Comrade Kim Chong-il, he stated.

Narayan Man Bijukchhe, chairman of the Nepal Workers and Peasants Party, said that the Korean people will continue to promote the cause of chuche successfully and accelerate the reunification of the country as they are guided by the dear leader Comrade Kim Chong-il.

A congratulatory message to Comrade Kim Chong-il was adopted at the symposium.

### Foreign Leaders Send Messages

*SK1409042394 Pyongyang KCNA in English 0416 GMT 14 Sep 94*

[Text] Pyongyang, September 14 (KCNA)—The dear leader Comrade Kim Chong-il received messages of greetings from state leaders of different countries on 46th founding anniversary of the Democratic People's Republic of Korea.



The messages came from Zimbabwean President Robert G. Mugabe, Togolese President Gnassingbe Eyadema, Zambian President Frederick J.T. Chiluba, Mongolian President Punsalmaagiyn Ochirbat, Indian President Shankar Dayal Sharma, Afghan President Borhanoddin Rabbani, Cote d'Ivoire President Henri Konan Bedie, Seychellois President France Albert Rene, Lebanese President Ilyas al-Hirawi and Mauritius President Cassam Uteem.

They in their messages extend warm congratulations to Comrade Kim Chong-il on the national day and express the hope that the friendly and cooperative relations between Korea and their countries and between the Korean people and their peoples would grow stronger and develop.

They wish Comrade Kim Chong-il a long life in good health.

#### **Anniversary Celebrated in Uganda**

*SK1409111594 Pyongyang KCNA in English 1016 GMT 14 Sep 94*

[Text] Pyongyang, September 14 (KCNA)—Korean books exhibition and presentation ceremony were held at Makerere University of Uganda on September 7 on the occasion of the 46th anniversary of the founding of the Democratic People's Republic of Korea.

Displayed in the place of the function were famous works of the great leader President Kim Il-song and the dear leader Comrade Kim Chong-il and Korean books.

Present there were the acting chancellor, teachers and students of the university, the Korean ambassador to Uganda and embassy officials.

The participants saw the works on display with keen interest.

The acting chancellor of the university and the Korean ambassador made speeches at the ceremony for presenting books.

#### **More Celebrations Abroad**

*SK1409111494 Pyongyang KCNA in English 1009 GMT 14 Sep 94*

[Text] Pyongyang, September 14 (KCNA)—Celebration meetings were held in Peru, Zaire, Zimbabwe, Madagascar and Mozambique and lectures given in Peru, Mozambique, India and Burkina Faso on the occasion of the 46th anniversary of the founding of the Democratic People's Republic of Korea.

The participants in the meetings paid a moment's silent tribute to the memory of the great leader President Kim Il-song.

Addressing the meeting held in Lima on September 1, Angel Castro Lavarello, president of the National Executive Committee of the Left Revolutionary Union of

Peru, said that the great leader President Kim Il-song was the benefactor and the sun of the nation who liberated the Korean people from all manner of exploitation and oppression and made them masters of the country, the most dignified people in the world.

"The Korean people, as they are led by the dear leader Comrade Kim Chong-il, have changed deep sorrow into strength and courage and risen up like a giant and are now striving to carry through the line and tasks set forth by the president," he noted, and stressed:

"The Korean people under the tested leadership of His Excellency Kim Chong-il with flawless idea and theory and masterful political and practical abilities will always win victory." At a meeting sponsored by the Zairean Youth Group for the Study of the Chuche Idea on September 2, chief of the group Nzemba Yangana said that the Democratic People's Republic of Korea has been strengthened and developed into a dignified socialist state where the principles of independence in politics, self-sustenance in the economy and self-reliance in national defence are applied.

We, he noted, firmly believe that the Korean people will make great achievements in their efforts for the building of prosperous socialism and for the independent and peaceful reunification of the country under the wise leadership of His Excellency Kim Chong-il.

Messages of greetings to Comrade Kim Chong-il were adopted at the meetings.

#### **Kim Chong-il Sends Message to Kindergartener**

*SK1409051694 Pyongyang KCNA in English 0500 GMT 14 Sep 94*

[Text] Pyongyang, September 14 (KCNA)—The dear leader of our party and our people Comrade Kim Chong-il sent an autograph to Hong Kwang-nim, a boy who graduated from the Songbuk Kindergarten in Pyongyang, after reading a letter from the child.

The autograph reads:

"I hope you will become a good student.

September 12, 1994  
Kim Chong-il."

Hong Kwang-nim, a son of an ordinary soldier, wrote letters beautifully when he began learning the Korean alphabet at the kindergarten. This attracted the attention of his teacher.

With the active help of the teacher and the superintendent, his talent was cultivated noticeably.

The child wanted to show his writing to Marshal Kim Chong-il, the father, so he wrote a letter to him in black ink.



In the letter, the child said his talent could be developed because Generalissimo Kim Il-song and Marshal Kim Chong-il built the best country in the world.

"Marshal, dear father, your health is the greatest happiness of us flower buds," he wrote, adding: "Please take a rest and relieve your fatigue regularly for a long life in good health."

Such thing can be seen only in Korea where the leader and the people form an integral whole. This shows where the source of the invincibility and solidness of Korean-style socialism centred on the masses lies.

#### **Korean From Japan Visits Kim Il-song Statue**

*SK1409044694 Pyongyang KCNA in English 0433  
GMT 14 Sep 94*

[Text] Pyongyang, September 14 (KCNA)—Pak Chong-hyon, permanent adviser to the Central Standing Committee of the Democratic Union of Korean Women in Japan, staying in the socialist homeland called at the statue of the great leader President Kim Il-song on Mansu Hill here Tuesday [13 September] and honoured his memory.

She laid a wreath before the statue and observed a moment's silence in deep sorrow at the loss of President Kim Il-song, the sun of the nation and the kind father of the 700,000 Koreans in Japan.

#### **Kim Il-song's 'Noble' Believing in People Lauded**

*SK1109084694 Pyongyang KCNA in English 0833  
GMT 11 Sep 94*

[Text] Pyongyang, September 11 (KCNA)—Thanks to the wise guidance of the dear leader Comrade Kim Chong-il, the great leader Comrade Kim Il-song's noble idea of "believing in the people as in heaven" will be brought into full play and all his wishes be carried into effect in Korea, stresses NODONG SINMUN in a by-lined article today.

The paper says:

"Believing in the people as in heaven" was the axiom and philosophy of Comrade Kim Il-song who began his revolutionary activities with mixing with the people and made his way through storm and stress for the people all his life.

The great leader Comrade Kim Il-song said:

"In my reminiscences, I mentioned 'believing in the people as in heaven,' which is my maxim and philosophy. Ever since I embarked on the road of revolution, I have served the popular masses and made the revolution in reliance on their strength, always believing in them as in heaven."

In his philosophical outlook on the world, Comrade Kim Il-song regarded the popular masses as the most valuable in the world. His outlook on life was based on devoted

service for them. The principle of *chuche*, which calls for believing in the people and drawing on them in solving any problem, was his political creed and maxim in life. He devoted his whole life to the noble cause for the country and the nation, pushing his way through vicissitudes along with the current of the 20th century and performed imperishable feats in this course.

The whole course of the Korean revolution is a glorious course that has seen the successful application of his noble idea of "believing in the people as in heaven." Our socialism centred on the masses is a people's paradise which will shine forever along with this great idea.

His noble idea is, first of all, the main factor of guaranteeing the greatness and vitality of the *chuche* idea, the ideological basis of our socialism.

He founded the *chuche* idea in the initial period of his revolutionary activities in his early years, drawing on the truth that the people are the most valuable and powerful beings in the world and one must believe in them and rely on them. He enriched this idea in the protracted struggle to hew out a new path of socialism, always sharing weal and woe with the people and mobilizing them.

The foundation and development of the *chuche* idea are unthinkable apart from his noble idea of "believing in the people as in heaven." Based on this idea, the *chuche* idea becomes an invincible weapon of our socialism and a militant tanner for guaranteeing its solidness and vitality.

His idea of "believing in the people as in heaven" is also the main factor of establishing a genuine mode of politics for the people in Korea and building a genuine paradise of the people where everything in society serves them.

Regarding service for the people as his firm principle and axiom in life, he always found himself among the masses, shared weal and woe with them, awakened them, found a correct way of solving the problems among them and mobilized them to resolve the problems facing the revolution.

His idea reflects his noble virtues. It is the main source of the true politics for the people, benevolent politics, in Korea.

His noble idea is being creditably carried forward and brought into full play by the dear leader Comrade Kim Chong-il, an outstanding thinker and theoretician and tested statesman.

The dear leader believes in the people, relies on them and devotedly serves them. This great example of noble personality can be set only by the tender-hearted father and leader of the people, who always shares weal and woe with them and devotes everything to their happiness under the motto of "believing in the people as in heaven."



**Russian Attache Visits Statue of Kim Il-song**

*SK1009150194 Pyongyang Korean Central  
Broadcasting Network in Korean 2200 GMT 8 Sep 94*

[Text] On the second month of the death of the great leader Comrade Kim Il-song, and on the 46th anniversary of the founding of the DPRK, Hajime Fukada—a member of the Central Executive Committee of the Social Democratic Party of Japan [SDPJ], director of the Organization Bureau of the SDPJ, and a member of the House of Councillors—respectfully paid homage to the leader's statue placed at the Mansudae Hill on 7 September.

He was accompanied by Kim Yang-kon, vice director of a department of the Central Committee of the Workers' Party of Korea.

The guest laid a bunch of flowers in front of the statue and paid silent tribute in memory of the great leader who made immortal achievements for the implementation of human kind's independent cause while devoting his entire life to the people's freedom and happiness.

The director of the Organization Bureau said the death of his excellency the great president was a great loss and sorrow to Japan, Asia, and the world.

Fukada added he would never forget that the great President Kim Il-song had led him as the sun of heart. He went on to say the teachings and warm affection of his excellency the president would always serve as might and courage.

Fukada said he was convinced the Korean people would achieve greater success in the revolution and construction, upholding the president's last wishes while uniting around the esteemed his excellency Kim Chong-il.

Yesterday, officials of the Military Attache's Office of the Russian Federation's embassy also laid flowers at the great leader's statue respectfully placed at Mansudae Hill, paying silent tribute to his memory.

Military Attache Georgiy (Mariasov) said: Today officials of the Military Attache's Office of the Russian embassy visited the statue of the great leader of the Korean people Comrade Kim Il-song, our and the Russian people's close friend and the world's great man, and cherished the memory of him with the most pious feelings. Under the wise leadership of the great leader Comrade Kim Il-song, Korea was liberated from the yoke of outside forces and has been strengthened and developed as a socialist country. We believe that under the wise leadership of Comrade Kim Chong-il, the supreme commander of the Korean People's Army, the Korean people will brilliantly succeed to and develop the revolutionary cause pioneered by Comrade Kim Il-song, and that the socialist cause will be shiningly consummated in Korea. We believe the Korean people will build a wonderful socialist society and brilliantly accomplish

the cause for reunification in conformity with the wishes of the great leader Comrade Kim Il-song by surely realizing his last will.

Also yesterday, the family of (Otto Grottikeyel), former prime minister of the German Democratic Republic, and foreign guests staying in our country visited the great leader's statue respectfully placed at Mansudae Hill, paying silent tribute to his memory.

**Documentary Film on Life of Kim Il-song  
Released**

*SK1009103994 Pyongyang KCNA in English 1030  
GMT 10 Sep 94*

[Text] Pyongyang, September 10 (KCNA)—The Korean Documentary Film Studio has released the documentary film "The Great Leader Comrade Kim Il-song Will Be Immortal" (three parts).

The film shows the Korean people and world revolutionary people honoring the memory of the respected leader President Kim Il-song and paying their last respects to him with deepest reverence, overcome with deep grief at the loss of the great leader. Through these scenes the film shows on a great epic canvas that he, who enjoyed unquestioned trust and deep reverence from all the people for the dedication of his whole life to the independence of the country, the freedom and happiness of the people and the accomplishment of the cause of global independence, will always remain the everlasting sun in the hearts of mankind.

The first part "The Great Leader Comrade Kim Il-song Will Be Immortal in the Hearts of the People" shows the might of singlehearted unity of Korea where the leader, the party and the masses are in perfect harmony, and the noble ideological and spiritual world and moral traits of the people which were displayed in the mourning period for President Kim Il-song.

It shows Korea which was filled with wail when the news of the sudden death of President Kim Il-song was flashed on July 8, 1994. It also shows the scenes of the mourning ceremony held with solemnity at the Kumsusan Assembly Hall on July 11.

In the film Comrade Kim Chong-il, the great leader of the Workers' Party of Korea and the people, participates in the ceremony with senior officials of the party, the state and the army and, though he was feeling bitterest sorrow, he receives and consoles chairman of the Central Standing Committee of the General Association of Korean Residents in Japan Han Tok-su, the family of Zhang Weihua, a Cuban female lawyer and foreign diplomatic envoys.

Because they have the great leader Comrade Kim Chong-il possessed of distinguished intelligence and iron will, the Korean people change into strength and courage their sorrow bitterest ever in the nation's history spanning 5,000 years.



Those who mourned the death of President Kim Il-song in the ten-day mourning period totalled 212 million.

The film introduces wreaths sent by party leaders, heads of state and government, political parties, public organizations and people of various social strata of many countries and messages of condolence from more than 500 state, government and party leaders of 160 countries on his death.

It also contains scenes of the grand ceremony for bidding last farewell to President Kim Il-song held on July 19 and the national memorial service held on the 20th in the presence of Comrade Kim Chong-il.

The film shows citizens and People's Army soldiers crying and calling the leader along the streets extending some 40 kilometres in the capital, and people of all walks of life making a pledge of loyalty to accomplish his revolutionary cause, united closer around dear Comrade Kim Chong-il.

Part 2 "The Great Leader Comrade Kim Il-song Will Be Immortal in the Heart of the Nation" deals with South Koreans and overseas Koreans mourning in bitterest grief the death of President Kim Il-song, the heaven of the nation and the lodestar of national reunification, who embraced and took care of all Koreans with the noble idea of national independence, great national unity and patriotism.

The film shows overseas Koreans on the five continents of the world bitterly wailing at the sad news of the death of President Kim Il-song, compatriots visiting with bitterest feelings the mourning places arranged at the General Association of Korean Residents in Japan and in China, Russia and other countries and South Koreans fighting with towering indignation and hatred against the traitor Kim Yong-sam's anti-ethical, anti-national, anti-reunification acts.

The film eloquently tells you that Comrade Kim Il-song, the sun for the life of all Koreans, the beacon of hope and the banner of victory and glory, will be immortal in the heart of the nation and that the 70 million Koreans in the North, the South and overseas will accomplish the cause of national reunification with General Kim Chong-il as the leader of the nation as wished by the president in his lifetime.

Part 3 "The Great Leader Comrade Kim Il-song Will Be Immortal in the Hearts of Mankind" deals with progressive people the world over mourning his death with deepest respect.

In the film, flags are hoisted at half-mast and a mourning period is set in many countries, and presidents, party leaders and prominent figures express deep condolences on his death at Korean embassies and missions, regarding it as the biggest loss and sorrow for the world revolution and mankind and manifest their belief that

the Korean people will accomplish the cause of socialism, closely united around dear Comrade Kim Chong-il.

The film shows Jiang Zemin and Li Peng of China, Fidel Castro of Cuba, King Norodom Sihanouk of Cambodia and other heads of party and state, political and public figures and people of various strata of many countries including Vietnam, Laos, India, Thailand, Iran, Mongolia, Pakistan, Bangladesh, Syria, Guinea, Bulgaria and Romania expressing condolences and holding solemn memorial services.

The film stresses that President Kim Il-song, who represents the 20th century, will be immortal in the hearts of mankind, even though millions of years pass and the mountains and rivers change a thousand times.

The film reflects the unanimous desire and will of progressive mankind to accomplish the cause of global independence under the leadership of dear Comrade Kim Chong-il.

#### **Development of Light Industry Described**

*SK1309120994 Pyongyang Korean Central  
Broadcasting Network in Korean 2230 GMT 5 Sep 94*

[Unattributed talk: "Our Light Industry Is Developing With Each Passing Day"]

[Text] Light industry is an important part of the economy concerning people's food, clothes, and consumption. People's socialist material life largely depends on the development of light industry. The great leader, who always paid attention to improving people's living, consistently paid great attention to the country's development of light industry since the first day after liberation in order to have people live in affluence and in a civilized way. Under the wise leadership and ardent love of the great leader, our light industry has developed into a chuche-oriented, modern, and mighty light industry with a solid basis to meet on our own the people's increasing demand for light industry products.

The dear leader Comrade Kim Chong-il pointed out: We should be proud of having built the chuche-oriented, modern, and mighty light industry with our strength and technology, and show this off to the world.

Our light industry, which began in an empty land after liberation, is displaying its might, having developed into a chuche-oriented and self-reliant [charipchok] base of light industry, equipped with everything necessary with our own material resources and modern technology under the wise leadership of the dear leader Comrade Kim Chong-il. Comrade Yim Yong-chon, director of the Light Industry Committee, said:

[Begin Yi recording] Today, when our people think about the happy life in which all the people live well off, without worries, we become proud of the chuche-oriented and self-reliant light industry established on



this land. How proud are we to have such a solid light industry that enhances our lives with our own materials? The more we think about such a reliable light industry that gives all the people great pride and self-esteem, the more we become deeply moved by the leadership of our party, which endured sleepless and restless devotion and wise leadership to establish such a (?high and massive) level of light industry on this land, in order for our people to live better. [end recording]

The production potential of light industry bases in various sections of our country is unmatchedly enormous and the automation and modernization of the production process is at a high level. Taking the textile industry as an example, textile plants with modern spinning, weaving, and dyeing equipment are producing in only a few days the total quantity of a yearly production before liberation. Thus, tens of meters of fabric per capita are produced today compared to only 14 cm per capita before liberation.

Pyongyang General Textile Plant, which has now developed into the country's leading fabric production base, began with only 13,000 spinners and 220 looms and produced only 5 feet of fabric, but renewed its appearance and has now become a modern and general production base with tens of thousands of spinners and thousands of looms capable of spinning, weaving, dyeing, and even knitting. The kinds of cloth also increased to over 200 kinds of products from basic lines, including high-quality men's-suit fabric, various dyed fabrics, and over 1,200 products from an expanded line. Surprising development is common in textile plants everywhere in this country, including Sariwon, Sinuiju, Kusong, Huisan, and Hamhung.

Not only the textile industry, but also various other parts of light industry, including shoe, daily necessity, and foodstuff industries, are automatized and modernized, and their structures are integrated. Along with large-scale central industries, small-to-medium local industries have developed by leaps and bounds. Today, there are an average of 25 modernized local industry plants in every city and county in our country. Local industry accounts for over 53 percent of the total value of light industry production.

Today, when we think about the speedy development of our light industry, we emotionally recall the wise leadership of the dear comrade leader, who endeavored ceaseless efforts and devotion to give the people a better and more civilized life, upholding the lofty will of the great leader. Comrade Cho Si-hun, chief of General Dyeing Unit of the Pyongyang General Textile Plant, said:

[Begin Cho recording] The dear comrade leader visited our General Dyeing Unit many times. I still cannot forget. On 8 September 1967, the dear comrade leader visited our work site again. After looking around our working unit, he warmly talked about providing our people with various beautifully patterned fabric as soon as possible. Looking at the benevolent image of the dear

comrade leader, who talked with endless love toward people as he left, we were moved by the dear comrade leader's words he expressed to us right here.

Looking at the rolls of fabric coming out of the production lines when he visited our General Dyeing Unit, the dear comrade leader was silent in deep thoughts for some moments. Then, he asked: Comrades, have you heard about the white-clad folk? When the dear comrade leader suddenly asked about the white-clad folk, we only looked at each other not knowing his intention. The dear comrade leader looked at us and said that before liberation, our people were called the white-clad folk, people who wore white clothes. He said, as we recall, there were bitter stories behind this. The dear comrade leader said, our ancestors wore colorful clothes, but the exploitation and pressure of the opportunists, and the Japanese colonial rule did not enable us to wear colorful clothes even if we wanted. The dear comrade leader said, how brilliant our future is with such huge textile plants and modern dyeing processes. Every time we recall the words of the dear comrade leader that day, we feel deep in our hearts his great love toward the people. [end recording]

Our dear leader Comrade Kim Chong-il has an ardent desire to fulfill the lofty will of the great leader and let people live in affluence as soon as possible. He called functionaries and convened a meeting even on his birthday, when he was supposed to enjoy his day amid the blessings of all the people, to vigorously inspire the entire party and all the people with the revolution of light industry.

On the unforgettable 16 February, 1984, the dear comrade leader presented a policy to wage the revolution of light industry as one of the important means to further improve people's living in his speech "On Further Improving People's Living" delivered in a meeting of responsible functionaries of the party Central Committee. In May 1990, the dear comrade leader convened a national meeting of light industry and sent a historical letter "On Thoroughly Carrying Out the Revolution of Light Industry" to the participants of the meeting. In the letter, he clearly explained the substance, meaning, and methods of our party's revolution of light industry.

When the dear comrade leader began the revolution of light industry, he put priority on better solving the problem of people's clothing. The dear comrade leader, who always pays great attention to the people's clothing, said the production of fabric should be drastically increased by ceaselessly developing the textile industry based on our country's fibers. He had various durable and beautiful fabrics produced to the people's taste with chemical fibers produced in our country, including vinalon and staple fiber.

The dear leader Comrade Kim Chong-il elucidated the direction of the independent development of the textile industry and put forth the task to increase the ratio of knitting fabric in fabric production and to make up



various kinds of fabric clothing, such as children's wear, students' wear, and baby wear.

The dear comrade leader paid deep attention to the development of the foodstuffs industry, in addition to the textile industry, and gave specific instructions on rapidly increasing the kinds and quantities of processed foodstuffs, such as the main processed foodstuffs, auxiliary processed foodstuffs, children's foodstuffs, and various kinds of soft drinks, in conformity with the direction of the development of the foodstuffs processing industry. At the same time, he gave specific instructions on realizing the industrialization and speeding up of foodstuffs processing.

The dear comrade leader also put forth a policy on bringing forth the footwear revolution and producing various kinds of shapely, quality footwear in order to increase the kinds and quantity in footwear production and to improve its qualitative composition [chilchok kusong]. At the same time, he saw to it that the demand by size is met precisely and that the quality of footwear is improved continuously.

The dear comrade leader's energetic leadership and warm love devoting his all to make our people live in comfort and abundance dwells warmly in the textile production base, the ceramic ware production base, and the small local industrial plant. Therefore, our light industry today has turned into the industry depending on its own raw materials and resources and into the light industrial base positively contributing to the improvement of the people's living standard, thus displaying its might.

The light industry, which could not even produce a good pencil in the past, is today producing the people's consumer goods of various kinds and of good quality, equipped with all the necessary things, based on its own strong raw materials and resources, thus contributing to the improvement of the people's living standard.

How great is the might of our self-reliant and modern light industry which is developing continuously under the wise leadership of the dear comrade leader! Truly, this is the clear demonstration of the justness and vitality of our party's light industrial policy.

Today, all the working people of the light industrial sector are attaining new successes every day to supply the people with more people's consumer goods according to the leader's wish in his lifetime, with a high sense of honor and pride in working and living in the excellent light industrial bases that have been formed under the great leader's wise leadership and the dear comrade leader's careful attention.

Truly, although we are glad of today's light industry's winning victory after victory everyday, under the wise leadership of the dear leader Comrade Kim Chong-il, tomorrow's light industry, which will reach ever greater heights, will give our people even greater joy and display its might.

## South Korea

### N-S Cooperation Possible if Reunions Addressed

SK1409024194 Seoul YONHAP in English 0233 GMT  
14 Sep 94

[Text] Seoul, Sept. 14 (YONHAP)—Deputy Prime Minister Yi Hong-ku said Wednesday [14 September] the government stands ready to cooperate and assist in improving the quality of life for 22 million North Koreans if Pyongyang shows sincerity toward improving South-North relations in such spheres as dispersed families.

Yi also urged the North Korean authorities to support the proposed exchange of separated families, "a pressing issue which can no longer be postponed."

He made the remarks in a speech marking the 13th anniversary of dispersed families held at Changchung Gymnasium under the auspices of the Committee for Promoting the Reunion of 10 Million Dispersed Families.

"If North Korea really intends to walk the road toward peace and prosperity with us, it should show at least a minimum level of sincerity toward our efforts to resolve humanitarian issues," emphasized Yi, who is also national unification minister.

Moreover, he called for the repatriation of 400 South Koreans detained in North Korea against their will while urging the North to establish a meeting place for separated families and allow postal exchanges.

Yi expressed hope that the new North Korean leadership will attempt to adapt to the currents of world history through reform and openness.

### Cardinal Kim Urges Inter-Korean Reconciliation

SK1309062694 Seoul YONHAP in English 0617 GMT  
13 Sep 94

[Text] Seoul, Sept. 13 (YONHAP)—Cardinal Stephen Kim Su-hwan stressed Tuesday [13 September] that South Korea should pursue peaceful reunification, however long the process may take.

To that end, the nation ought to consider North Koreans not as enemies but as members of a national community while "practicing forgiveness and achieving reconciliation between the South and the North," he said.

Even if unification is not realized, the nation must prevent another fratricidal war at all costs, he added.

The eminent Catholic leader made the remarks in a lecture titled "How We Should Prepare for Unification" delivered at a monthly meeting sponsored by the Tosan Commemoration Society at the Hilton Hotel in central Seoul.



"Even if national unification were achieved in the future, if we failed to establish moral values in our society and if our brotherly love were weak, our northern brethren would be disappointed in and feel a sense of betrayal by South Korea. This might eventually imperil unification itself," the cardinal said.

The Catholic leader called for the launching of a spiritual movement to attain unification, whose primary emphasis would be placed on moral values—not money—and a communal life shared by all. "It is a miscalculated notion to seek unification through absorption without making such preparations," he warned.

Cardinal Kim doubted if unification through voluntary absorption, as happened with East and West Germany, would be possible, even if the North collapsed while tension persisted on the Korean peninsula and no inter-Korean exchanges were effected. "Even supposing that unification is achieved through absorption, it must be pondered whether our present economic strength can afford to feed 20 million North Koreans and help their economic reconstruction," he cautioned.

Noting that Pyongyang's biggest concern following Kim Il-song's death is "to maintain the security of the system," the spiritual leader recommended: "We, exercising patience, should make high-level diplomatic efforts to induce North Korea—that is, endeavoring to improve relations with the United States and Japan and other western countries—into eventually opening itself. We should not appear to be hampering the process intentionally."

Touching on the controversial activities of leftist radicals, Cardinal Kim said, "if chusapa (followers of the North's self-reliance ideology) spread among our students and laborers, we must reflect on... whether the established generation has shown a spiritual vacuum and failed to set an example for them."

#### **Yi Hong-ku Holds News Conference on N-S Summit**

*SK1409123894 Seoul SEOUL SINMUN in Korean  
14 Sep 94 p 5*

[Report on a news conference by Yi Hong-ku, deputy prime minister and minister of the National Unification Board, with a group of unidentified reporters by Kim In-chol in Seoul on 13 September]

[Text] [Unidentified reporter] Is the government prepared to resume North-South summit talks with Kim Chong-il when North Korea's power succession is concluded?

[Yi] As the government announced after the death of Kim Il-song, the principles of the summit talks remain valid. When the power succession is concluded, the entire agenda of the North-South dialogue will be positively considered. I cannot give you further details.

[Reporter] Is the government considering proposing North-South dialogue first?

[Yi] When North Korea's position is concluded, North-South dialogue will come naturally. North Korea is going through a transitional period. I hope that North Korea's position will change after the conclusion of power succession.

[Reporter] Is the government going to directly begin with summit talks or working-level talks first?

[Yi] There are many levels of North-South dialogue. Let us wait and see.

[Reporter] Is the government considering step-by-step permission of North-South economic cooperation?

[Yi] We will consider that when a clue for resolving the North Korea nuclear issue is provided by the second meeting of the third round of talks between the United States and North Korea.

[Reporter] Does the name of the light-water reactors for North Korea necessarily have to be ROK-model?

[Yi] The reactors should be compatible with the model successfully standardized with our huge amount of money and efforts. I am not sure if the name "ROK-model" is used internationally. What is important is not the name but the contents. The ROK and the United States agree that the model should be compatible with light-water reactors developed and standardized by the ROK, and that the ROK should be the actual leader of the project.

[Reporter] Do you mean that as long as the ROK leads the project, it does not matter if the reactors are U.S.-model?

[Yi] We are talking about ROK-model reactors. The ROK-model reactors are the model we successfully modified and standardized from U.S.-models.

[Reporter] How does the government plan to provide alternative energy?

[Yi] There are several options but it is premature to talk about. Because it concerns the energy supply of the entire Korean peninsula, it requires mutual understanding between the South and the North.

[Reporter] Will the ROK Government lead the supply of alternative energy as well?

[Yi] We have to wait and see.

[Reporter] What is the ROK Government's stance to be conveyed to U.S. Assistant Secretary of State Robert Gallucci?

[Yi] The North Korean nuclear issue should be resolved within the frame of general North-South relations. The support for North Korean light-water reactors cannot



make a financial contribution if it is not carried out under a program that supplies energy for the entire nation.

[Reporter] Is North-South dialogue stipulated in the agreed statement of the second meeting of the third round of North Korea-U.S. talks?

[Yi] The U.S.-North Korea agreement should stipulate the implementation of the joint declaration on the denuclearization of the Korean peninsula, but it is not necessary to stipulate North-South dialogue. South and North Korea should eventually take the initiative of North-South dialogue.

[Reporter] Some people think past North-South dialogue emphasized too much about formality.

[Yi] We have been very flexible regarding the formality of North-South dialogue. Our stance is that we are ready for dialogue anytime.

#### **Kim Tae-chung Predicts N-S Summit by Early 1995**

*SK1309061894 Seoul YONHAP in English 0529 GMT 13 Sep 94*

[Text] Seoul, Sept. 13 (YONHAP)—Former opposition leader Kim Tae-chung predicted Tuesday [13 September] that an inter-Korean summit would be held late this year or in early 1995 and that an era of inter-Korean exchange and cooperation would come, provided talks between the United States and North Korea were successful.

In a speech on the North Korean nuclear standoff and unification of the Korean peninsula, Kim also urged the government to take the initiative in South-North relations by holding an inter-Korean summit as soon as possible.

Currently the chairman of the Asia-Pacific Peace Foundation, Kim asserted that the agreement reached at the third round of U.S.-North Korean talks was the starting point for national peace and unification.

Kim was a guest speaker at the East Pusan Chapter of the Korea Junior Chamber held at the Paradise Hotel in the southern city.

Referring to chusapa, or followers of North Korea's self-reliance ideology, Kim said that just a few are chusapa among the country's many students, intellectuals and dissidents who are devoted to the democratic movement.

"Whatever the motives are, their (chusapa) support for the North Korean regime and communication exchanges with North Korea without government permission cannot be justified," Kim said.

As to North Korea's Kim Chong-il leadership system, he foresaw no big problems standing in the way of the

junior Kim becoming state president and Workers' Party general secretary as long as he is healthy.

"At least for two to three years from now, his fate depends on relations with the United States as he should lead his country without his father," he said, adding that Kim Chong-il should place priority on inter-Korean rapprochement so that he can expect improved relations with Washington and Japan.

Turning to unification through South Korea's absorption of the North, Kim insisted this was impossible as the South Korean economy would collapse in that case.

He also said free discussion of national unification and fair reportage on it should be guaranteed.

#### **Replacing Truce With Peace Treaty Studied**

*SK1409031894 Seoul YONHAP in English 0221 GMT 14 Sep 94*

[News analysis]

[Text] Seoul, Sept. 14 (YONHAP)—The government and the ruling Democratic Liberal Party [DLP] are studying plans to replace the armistice agreement ending the Korean War with a peace treaty, attesting to a peace accord's realistic nature for South Korea.

Improvement in U.S.-North Korean relations is being taken as a matter of course if no abrupt developments set back their ongoing negotiations, leaving South Korea confronted with the need to tackle replacement of the truce agreement with a peace pact.

There are many ways to convert the armistice system from the Korean War, or technically the warring system, to a peace mechanism, but the government looks to be considering the alternative of building a substantial peace system through faithful and thorough implementation of the South-North basic agreement and other accords or concluding a separate South-North peace pact.

The government seems to prefer the former to the latter, although it might not oppose a separate peace accord.

The basic and related agreements that South and North Korea reached in 1992 stipulate a virtual shift from the armistice system to a peace treaty.

The non-aggression pact calls for non-use of force, prevention of accidental armed conflict and laying of a direct South-North military telephone line. When this accord is fully implemented, it will have the effect of a peace treaty, according to government officials.

This pact also outlines the formation of a joint South-North military commission to prevent armed conflicts and control arms on both sides. Once this commission becomes fully operational, it will virtually take over the functions of the Military Armistice Commission, which is currently on the verge of deactivation as China has decided to recall its delegates and help build a peace



system, the officials say. But if North Korea sticks to its position of concluding a peace treaty, refusing to build a peace system through fully implementing the basic South-North and related agreements, the government will apparently go along.

Nevertheless, the government maintains that the question of converting the armistice agreement into a peace regime must be handled by South and North Korean authorities in accordance with the provisions of chapter five of the inter-Korean basic agreement. This chapter envisages peace negotiations between the two Koreas.

Whether it is done through faithful execution of the basic agreement or whether the two Koreas conclude a separate peace treaty, the government believes there is no reason to oppose changing the current armistice system into a peace regime.

Standing in the way, however, is the fact that North Korea insists that the creation of a peace system is not a matter to be discussed with the South.

Pyongyang has consistently questioned whether Seoul, which is neither a signatory to the Korean armistice agreement nor exercises control over its own armed forces, can conclude a peace treaty.

In other words, Pyongyang is asserting that "a peace agreement must be concluded between North Korea and the United States, which has been stationing troops in South Korea and wields supreme control over the South Korean armed forces."

Should this logic be adopted, two alternatives might arise. One is for South Korea to accept the conclusion of a peace treaty between the United States and North Korea, and the other would have the South doing likewise with the North after the withdrawal of American troops.

Needless to say, neither option is acceptable to South Korea. Consequently, it has no alternative for now but to urge the North to change its stance on the matter.

A government official said, "Nobody can deny the fact that the parties to the Korean peninsula problem are South and North Korea. It is our opinion, and also that of the international community, that the problem of converting the armistice system into a peace regime cannot be resolved without inter-Korean negotiations."

Noting that the United States is handling the issue "even more sternly than us," the official added, "although they have recently intensified their offensive on the conclusion of a peace agreement, the North Koreans will eventually realize that the issue cannot be resolved without inter-Korean negotiations."

#### **North Reporters on Succession, Kim Il-song Burial**

SK1409063494 Seoul KYONGHYANG SINMUN in Korean 14 Sep 94 p 5

[Report by Kim Chong-tu: "Conversation Between Reporters of North and South Korea at Panmunjom"]

[Text] Approximately 20 North Korean reporters turned up at the ceremony in Panmunjom on 13 September in which the remains of 14 U.S. soldiers were returned. Conversations were exchanged between North and South Korean reporters on the situation in the DPRK following Kim Il-song's death.

At the meeting, the first encounter between North and South Korean reporters since Kim Il-song died, North Korean reporters all wore Kim Il-song badges in various forms; no Kim Chong-il badges were observed at all.

North Korean reporters either refused answering South Korean reporters' questions or avoided conversation, shouting "Don't ask silly questions!"

Obviously, the North Korean reporters seemed disheartened, not smiling at all.

Regarding Kim Chong-il's power succession, North Korean reporters clearly stated: "Comrade Kim Chong-il's power succession began in the 1970's, and his designation as successor was completed in the early 1980's. Therefore, there is no need to carry out the succession of power anew."

This statement was made in response to the question: "Will the succession of power be finalized at the Supreme People's Assembly (SPA) to be held around mid-October when the 100-day mourning period is over?" They also said ambiguously: "Official succession to the presidency will not take place at that time."

North Korean reporters emphatically state that "the comrade leader is the very leader [suryong]. You do not know the real situation." Then they angrily ask: "Why are you so ignorant about North Korea?"

Regarding the report that Kim Chong-il badges were discovered at the Sinuiju Railway Station in the North, the North Korean reporters insisted that "the great leader Comrade Kim Il-song is with us forever. You just watch! His badge will not be replaced with that of Comrade Kim Chong-il."

As if they agreed in advance to speak with one voice, the North Korean reporters repeatedly said "we will uphold the portrait of Comrade Kim Il-song forever," thus suggesting their will to continually put on Kim Il-song badges even after the mourning period is over.

In particular, North Korean reporters explained that after Kim Il-song's death, Comrade Kim Chong-il, the supreme commander, released the slogan: "The great leader Comrade Kim Il-song is with us forever." Thus, this slogan was put up in many places in downtown Pyongyang.

Concerning anti-Kim Chong-il leaflets scattered in diplomatic quarters in Pyongyang, North Korean reporters claimed "this is a voice of those who do not know about the North Korean system. This cannot happen in the



North. This must be an act committed by South Korea." Thus, they directed the spearhead of denunciation toward the South.

Regarding the disposal of Kim Il-song's body, they said: "It is likely no decision was made. However, he will not be buried in the Tomb of Tangun [the legendary king known as national founder]. Decoration of the tomb will be completed by 3 October, the national foundation anniversary."

Meanwhile, three field-grade officers—members of the Chinese side's delegation to the Military Armistice Commission whose withdrawal was announced on 1 September—turned up at the ceremony, thus attracting the people's attention. They watched from beginning to end the procedure of returning the remains, and left the site after the ceremony.

#### **Kim Chong-il Reportedly Depicted as New Leader**

*SK1409055194 Seoul YONHAP in English 0545 GMT 14 Sep 94*

[Text] Seoul, Sept. 14 (YONHAP)—North Korea has started depicting Kim Chong-il, son and heir-apparent of the late President Kim Il-song, as its supreme leader recognized by other countries, even as various rumors circulate about his succession to power, the official Pyongyang watcher here reported Wednesday [14 September].

Naewoe press quoted North Korean newspapers and radio as saying that other nations have officially acknowledged the younger Kim as supreme leader of the North Korean Workers' Party, government and military, citing the telegrams of condolence sent to him following his father's death.

Newspapers including the NODONG SINMUN are carrying articles praising Kim Chong-il's achievements on their front pages, while North Korean radio is introducing his ideas and theories about *chuche* (self-reliance).

#### **North Reportedly Intensifies Security at Statues**

*SK1309064294 Seoul SEOUL SINMUN in Korean 13 Sep 94 p 10*

[Article by Kim In-chol]

[Text] It has been revealed that the DPRK intensified security around some 60 Kim Il-song statues across North Korea following the death of Kim Il-song.

According to North Korean reports, the DPRK deployed the students of the Mangyongdae Revolutionary School to guard Kim Il-song statues in Sinuiju and various places in North Korea. The Kim Il-song statue on Mansudae Hill is under special security from 23:00 to 03:00 the next morning [1400 to 1800 GMT] when damage frequently occurs.

In connection with the Mangyongdae Revolutionary School's students guarding Kim Il-song statues, Kim Chong-il recently sent a thank you message to teachers and students of this school, saying they "displayed high loyalty to the party and leader by guarding Kim Il-song statues." A meeting to convey the thank-you message was reportedly held on a large scale.

Security around Kim Il-song statues has been intensified because some people who oppose the dictatorship system are damaging the statues; the flood of mourners may also damage the statues.

The Kim Il-song statues, which are regarded as the "body of Kim Il-song," are managed by historical site management offices for each city and province under the guidance of the Central Historical Relics Guidance Bureau, but nonetheless, sometimes the statues are damaged by citizens.

For instance, in Sinuiju in October 1991, the right arm of the Kim Il-song statue in the central plaza was cut off, the lost arm being found in Dandong in the PRC.

After the incident, North Korea held a national meeting of managers of historical sites in the Pyongyang Gymnasium in December 1991, attended by Kim Chong-il, to summarize their work and express their resolve. The managers were encouraged to do their most in managing the statues.

#### **Hong Kong Releases Former North Army Officer**

*SK1209014894 Seoul YONHAP in English 0141 GMT 12 Sep 94*

[Text] Hong Kong, Sept. 12 (YONHAP)—A self-proclaimed former North Korean Army officer, who smuggled himself into Hong Kong after killing a superior, was released on bail Saturday from an immigration detention center where he had been held since last November.

The 24-year-old former special warfare unit officer, identified as Hong Chol-nam, was arrested while attempting to enter Hong Kong illegally after roaming about China and Russia. He escaped from North Korea after killing his superior in May 1991.

An official at the South Korean Consulate General here disclosed that Hong had requested asylum at South Korea's Consulate in Hong Kong and its Embassy in China, but was denied as he was deemed a brutal criminal whose identity was unclear.

The official added that his office has no plans to grant Hong asylum in South Korea.

Meanwhile, the immigration office here issued the North Korean a temporary residence permit on condition that he not leave Hong Kong while regarding him as an international refugee.



Prior to his release, Hong promised the immigration office to submit a weekly report on his personal movements. He is currently living with a person at a church here.

Hong claims that he escaped from North Korea in May 1991 after killing his superior out of grief over his father's execution when he served at the 108th special warfare training center in Pujon County, South Hamgyong Province.

He then wandered through China and Russia for about two and half years and was arrested in Hong Kong after attempting to enter illegally from China.

### **PRC Preparing 'Refugee Camp' for North Koreans**

*SK1409001194 Seoul KBS-1 Radio Network in Korean 2310 GMT 13 Sep 94*

[Text] It has been reported in the French daily LIBERATION that the PRC has already made preparations to establish a refugee camp in an area near the Yalu River in preparation against North Korean residents rushing into the PRC en masse following social chaos [hollan] in the DPRK.

Correspondent (Ko Su-ung) provides details from Paris.

[Begin (Ko) recording] In today's analytical article entitled "Kim Chong-il: The Successor Who Missed His Way," the LIBERATION quotes a well-informed Chinese source who said that following President Kim Il-song's death, the DPRK was faced with a wholesale crisis due to the question of succession. The daily noted: In preparation against refugees coming en masse into the PRC following social chaos in North Korea, Beijing has made preparations to establish a refugee camp.

The daily added: Chinese Government authorities feels uneasy about the delay in succession in the DPRK. In particular, they are afraid of the possibility that North Korean residents will seek refugee in the PRC in case radical [kupgyukhan] social chaos arises in North Korea, a country faced with economic difficulties.

Quoting one source, the LIBERATION noted: Although relations between the DPRK and the PRC outwardly seem friendly, their relations are actually strained. The DPRK is losing its last ally. North Korea is seeking normalized relations with the United States by mobilizing all means, hoping to escape from its isolation.

The LIBERATION also pointed out: Due to opposition from conservatives, in particular the military, Kim Chong-il has failed to assume the reins as president and general secretary of the Workers' Party. Experts feel North Korea's military leaders are trying to uphold [ongnip] Kim Yong-chu, Kim Il-song's brother, as president.

This has been (Ko Su-ung), KBS News, reporting from Paris. [end recording]

### **Reporter's Early Departure From Pyongyang Noted**

*SK1009113994 Seoul YONHAP in English 1125 GMT 10 Sep 94*

[Text] Beijing, Sept. 10 (YONHAP)—A South Korean newspaper's Washington correspondent who visited Pyongyang on last Tuesday [6 September] to cover the North Korean-U.S. experts meeting arrived in Beijing on Saturday from Pyongyang, after giving up his coverage.

Chong Yon-chu, HANGYORE SINMUN's correspondent in Washington, told other South Korean correspondents in Beijing that the North Korean authorities changed its attitude not to allow him to cover the North Korean-U.S. experts meeting.

He quoted North Korean officials as saying that if Pyongyang allows only one South Korean newspaper's journalists to visit Pyongyang, then it is criticized that it selected a newspaper for its propaganda.

The officials also said that if North Korea had known that South Korea would say North Korea selected a journalist for its propaganda, it would not have allowed him to visit Pyongyang, Chong said. But the officials did not tell him to leave North Korea immediately and instead, they offered that he stay in North Korea for a while taking a tour of North Korean provinces.

He judged that he does not need to stay in North Korea any more in that situation and rejected the offer to leave there voluntarily.

He made a protest to the North Korean authorities, saying that not allowing him to cover the experts meeting while allowing CNN to do that is not fair, but the authorities would not change the attitude, he added.

### **U.S., North Agree To Seek Compromise in Berlin**

*SK1409012994 Seoul YONHAP in English 0120 GMT 14 Sep 94*

[Text] Berlin, Sept. 14 (YONHAP)—The United States and North Korea will continue to work on narrowing their differences over key issues at expert-level talks in Berlin on Wednesday [14 September].

In a series of unofficial contacts Tuesday, the chief delegates from both sides agreed to continue negotiations on major pending issues by holding a full session of the experts' talks.

The agreement came amid reports that the negotiations had stalled on U.S.-North Korean differences over assistance for the construction of light-water nuclear reactors in the North.

The two sides will probably issue a joint announcement at the end of the full session briefly explaining their discussions.



At Tuesday's contacts, North Korea's chief delegate Kim Chong-u, who is vice chairman of the External Economic Commission, and his American counterpart Gary Samore, a State Department assistant director, exchanged views on the light-water reactor program and the timetable for future talks.

Informed sources here said the two sides clashed over the type of nuclear reactor, with the North Korean delegation suggesting an alternative Russian model instead of a South Korean model while the U.S. delegation insisted on the South Korean reactor for financial reasons.

Accordingly, the reactor issue will likely be turned over to the third round of high-level talks resuming in Geneva on Sept. 23.

The sources said there was no in-depth discussion of the financial burden for the nuclear reactors, the core issue, as the two sides' differences over the reactor model were too wide.

They pointed out that it would be impossible for South Korea to undertake construction of a nuclear reactor not of its own making.

At Wednesday's talks, the experts are expected to deal with other issues that were not discussed fully earlier. These matters include the provision of alternative energy and the treatment of spent fuel rods discharged from North Korea's 5-megawatt reactor.

#### **U.S., DPRK Reportedly Conclude Reactor Issue**

*SK1409094194 Seoul KBS-1 Radio Network in Korean 0903 GMT 14 Sep 94*

[By Yi Myong-ku from Berlin]

[Text] On 14 September, the United States and North Korea continue to discuss nuclear technology on the third-day of the experts-level meeting in Berlin.

It was learned that today they concluded the light-water reactor issue, which they discussed for a long time, and are now discussing the treatment of used fuel rods and the provision of alternative energy.

The sides are expected to finish the experts-level meeting today and to continue discussions on unconcluded matters during the second session of the third round of high-level talks in Geneva in 10 more days.

#### **Gallucci's 14 Sep Arrival in Seoul Reported**

*SK1409121794 Seoul YONHAP in English 1212 GMT 14 Sep 94*

[Text] Seoul, Sept. 14 (YONHAP)—U.S. Assistant Secretary of State Robert Gallucci flew into Seoul Wednesday afternoon for consultation with South Korean Government officials on the North Korean nuclear question.

Gallucci, who acts as the chief U.S. negotiator at U.S.-North Korea high-level talks, will meet Deputy Prime Minister Yi Hong-ku and Foreign Minister Han Sung-chu separately Thursday morning.

They are expected to adjust South Korean and U.S. policies over the nuclear row prior to another round of U.S.-North Korea high-level talks opening on Sept. 23.

A diplomatic source said Gallucci will in particular brief them on the outcome of the recent U.S.-North Korea experts meetings held in Berlin and Pyongyang.

On Friday Gallucci will pay a courtesy call on President Kim Yong-sam to deliver to him U.S. President Bill Clinton's verbal message. He will also confer with Chong Chong-uk, senior presidential secretary for foreign and national security affairs.

Before leaving the country Friday afternoon, Gallucci will have a press conference to discuss the results of his discussions with South Korean officials.

#### **Advice to Gallucci on Nuclear Issue, Reactor**

*SK1409121294 Seoul KYONGHYANG SINMUN in Korean 14 Sep 94 p 3*

[Editorial: "Outspoken Advice to Delegate Gallucci"]

[Text] We cannot but give several words of outspoken advice to Gallucci, U.S. assistant secretary of state, who arrives in Seoul today, concerning the North-U.S. relations and the nuclear issue. The first one is the question of securing the transparency of the North's nuclear activities. As the North side has obstinately rejected special inspections, the United States has taken a step back by taking "substantial measures" instead of pushing for special inspections. Of course, we understand the U.S. foreign policy of trying to drag North Korea to the negotiation table and to tie it to a nonnuclear system.

This notwithstanding, we still harbor misgivings in that there is no complete way to investigate North Korea's past nuclear activities other than special inspections by the International Atomic Energy Agency. We cannot but interpret U.S. concessions as meaning to shut its eyes to North Korea's past nuclear activities. It seems that our government, too, is turning a blind eye to the U.S. side's "alternative" concerning the investigation into North Korea's past nuclear activities. But delegate Gallucci should give his clear word as to how to secure the transparency of the North's past nuclear activities.

We have no idea as to what kind of long-term strategy the United States has in mind to persuade the North to scrap its past nuclear material. No matter what the circumstances may be, this is a grave matter—which cannot be traded for any excellent policy alternative—to the ROK, which is under the direct nuclear threat. This is not because we cannot trust the U.S. strategy conception banning nuclear development, but because we—



who have declared denuclearization—cannot suffer from uneasiness over the suspicions involving the North Korea's nuclear development indefinitely.

The second one is the question of giving aid in the way of a light-water reactor in order for North Korea to dispose of its nuclear fuel rods. It is difficult to get correct information about what is going on between the two countries. But, we are dissatisfied with the fact that there has been something dubious [sokyonchanun yaegi] although it is difficult to have a correct grasp of what was talked about during the two countries' contact. It has been reported that the United States has asked the ROK Government to actively guarantee its support for the North even before the type of a light-water reactor is decided. In addition, it has also been reported that "an international-type reactor actively supported by the ROK," instead of a ROK-type reactor, will be adopted. If the U.S. intention is to ask us to participate in raising funds first, this will be like putting the cart before the horse.

First of all, our citizens will not tolerate it if a light-water reactor from a third country is adopted and we are only asked to provide money, in spite of the ROK's capability of helping with a light-water reactor that can be provided with our own internationally recognized technology.

We have already proposed aiding in the construction of North Korea's light-water reactor from the standpoint of carrying out a common national project. The United States is advised to persuade North Korea—to the extent that it can—that a ROK-style light-water reactor will be conducive to the future of the Korean peninsula, particularly to North Korea. Delegate Gallucci, who arrives in Seoul today, should keep these points deep in his mind.

#### **Gallucci on DPRK Plans To Complete Reactors**

*SK1409113694 Seoul KBS-1 Radio Network in Korean 1105 GMT 14 Sep 94*

[Text] Robert Gallucci, U.S. assistant secretary of state, stated today that North Korea will complete two atomic reactors in three years, and accordingly, will mass-produce plutonium to be used in manufacturing nuclear weapons, threatening the security of the region.

Assistant Secretary Gallucci, who has led the U.S.-North Korean negotiations for the past year-and-a-half, stated: North Korea will probably complete the 50-megawatt and 200-megawatt atomic reactors, which are under construction, by 1996 or 1997. When it completes the two reactors, it will be capable of producing hundreds of kilograms of plutonium.

Before leaving Japan for the ROK, Assistant Secretary Gallucci urged Russia and China to play an important role in resolving the North Korean nuclear issue.

In a news conference held today, Assistant Secretary Gallucci stated: The United States believes that China and Russia are capable of playing a role in resolving the

nuclear issue and ought to do so. However, he did not mention in detail how Russia and China could help in the process of persuading North Korea to allow international nuclear inspections of its nuclear facilities.

#### **North, U.S. 'Likely' To Open Liaison Offices**

*SK1409115094 Seoul CHUNGANG ILBO in Korean 14 Sep 94 p 1*

[Text] Although the Berlin meeting between North Korea and the United States held to discuss the light-water reactor problem has been deadlocked, the Pyongyang meeting held to discuss the establishment of liaison offices "proceeded in a sincere and cooperative atmosphere" and has been concluded. Accordingly, it is likely that North Korea and the United States will open liaison offices in Pyongyang and Washington and exchange liaison officers between them within two months at the earliest and by the end of this year at the latest.

A government source revealed that the possibility is high that "the liaison offices will be established even before the light-water reactor problem is solved" because the United States estimates that the exchange of liaison offices between North Korea and the United States will be conducive to solving the North Korean nuclear issue.

He said: The ROK and the United States have thought that what is desirable is to simultaneously solve the light-water reactor problem and the problem of opening the liaison offices. However, they believe that in case this way fails, the establishment of liaison offices between North Korea and the United States will perform an important function in solving the North Korean nuclear issue, including the revelation of its past nuclear activity.

It has been learned that the United States has explained such a logic to our government on many occasions. Therefore, it is estimated that such understanding by the ROK and the United States performed an important function in the ROK Government's decision to switch the present relations with the North Korea into a conciliatory direction at the Unification-Security Policy Coordination Council meeting held on 13 September.

Accordingly, it is believed that although the establishment of liaison offices will be affected by the results of the negotiations over the light-water reactor problem North Korea and the United States will, at least, exchange liaison officers, the stage prior to establishing liaison offices, in the near future.

#### **U.S.-North Talks, U.S.-South Relations Viewed**

*SK1209071594 Seoul HANGYORE SINMUN in Korean 12 Sep 94 p 4*

[Article by Kim Song-su]

[Text] At a time when an expert-level meeting is being held between North Korea and the United States, a



"fishhook theory" has emerged among high-ranking government officials who have been dealing with North-South economic cooperation. The "fishhook theory" originated with U.S. officials in charge of affairs of the Korean peninsula.

When North Korea and the United States agreed to solve the North Korean nuclear problem and to improve relations during the high-level talks held in Geneva last August, the ROK Government expressed dissatisfaction, claiming that the talks failed to fully reflect the ROK side's request that the United States should not make too many concessions and that the talks produced results favorable to the North Korean side.

At that time, U.S. Government officials dragged out the so-called "fishhook theory" in an effort to soothe the ROK Government.

The theory follows: "The United States is now angling for North Korea. Now, if the fishing line is dropped without bait, fish will not bite the hook. We should fix bait only when fish feel hungry, to lead fish to bite the hook. Through the Geneva talks, North Korea has been trapped by the hook. A skillful fisherman, however, does not make haste. This is more true when the fish is rough and wild."

Then, the U.S. Government officials asked the ROK side to continue watching the fishing rod, stating that if a fish is caught, it will be greatly conducive to the ROK side.

In this connection, a ROK Government official stated that "the U.S. Government is angling for North Korea under close consultations with our government," stressing that "there is no problem whatsoever in the ROK-U.S. mutual cooperation system."

He said that "although North Korea has been said to be properly negotiating with the United States, the United States is not a country that can be fooled by a small country," adding that the more progress that is made in North Korean-U.S. relations, the more it will deepen North Korea's reliance on the United States, which will eventually drive North Korea into a situation in which it can no longer free itself from U.S. control.

With regard to the government officials' "fishhook theory," civilian experts on North Korean affairs have come up with a "kitchen counter theory," denouncing the government for its indolent and optimistic policies toward North Korea and the United States.

"Even if the United States achieves success using the fishhook theory, and, thus, can put North Korea under its control, it will not put the fish on the ROK's kitchen counter so the ROK can cook. The United States will put the fish on its own kitchen counter, putting aside the ROK, and will cook it according to its own taste.

"In such a case, the ROK will have no choice but to watch, smacking its lips. Of course, the United States may give thoughtful consideration to the ROK as it has

obeyed the United States thus far. In that case, too, however, the United States would take the flesh of the fish, leaving only the bones for the ROK."

An expert on North Korean affairs, who supports the kitchen counter theory, stated: The U.S. policy toward the Korean peninsula thoroughly focuses on its own political and economic interests. North and South Korean authorities and those segments having vested rights in the North and the South are still experiencing hostile relations, and this has led to the creation of a situation conducive only to the United States.

What draws our attention is whether the relations between North and South Korea and the United States will go in the direction of the "fishhook theory" or the "kitchen counter theory" or whether both North and South Korea will be able to pick an approach beyond the control of the United States.

#### Government 'Concerned' About Talks

SK1409055794 Seoul TONG-A ILBO in Korean 13 Sep 94 p 3

[Report by Hwang Yu-song: "How Are DPRK-U.S. Expert-Level Talks in Pyongyang Going—The Government, Ignorant of Information, Is Uneasy"]

[Text] The government is paying keen attention to the details discussed at the DPRK-U.S. expert-level talks that began on 10 September.

Unlike talks being held in Berlin—where the ROK has an embassy and where news coverage of the talks is allowed to a certain extent—access to information on the Pyongyang talks is totally impossible.

This being the case, it is difficult for our government to find out what positions and plans the United States has brought to Pyongyang, and to what degree our position—conveyed to the United States through Foreign Minister Han Sung-chu during his recent visit—has been reflected in the talks. Thus, the government is concerned about this.

Judging from fragmentary reports from Washington, the Pyongyang talks are undergoing difficulties, just as in the Berlin talks.

This is because there are remarkable differences in the positions between North Korea and the United States on the nature and significance of Pyongyang talks, and because the United States has to link progress in Berlin with progress in Pyongyang.

It has been learned that the United States alleges discussions at expert-level talks on normalizing relations, including establishing liaison offices, is not appropriate because the delegation possesses no right to make discretionary decisions and because of the nature of talks. The U.S. delegation to the talks emphasized that they were to discuss only working-level issues for establishing a diplomatic channel. On the contrary, the DPRK strongly



demanded the two sides reach a concrete agreement on normalizing relations during the Pyongyang talks.

At the current talks, the United States put forward only working-level issues in the event the liaison offices are established. These issues include: the role and functions of the liaison office; the venue; the positions of permanent members of the office and whether the nonliability privilege should be given to them; the number of staff; the means of communication with their home country and the method of delivering diplomatic pouches; and living quarters and methods of supplying daily necessities.

It was also learned the United States constantly stressed to North Korea that discussions of these issues is itself an important first step toward normalizing DPRK-U.S. relations. Thus, the United States has suggested its position that only when the nuclear problem is resolved, then the establishment of liaison offices at an early date is possible based on working-level discussions at the Pyongyang talks. It seems as if the United States is supporting the Berlin talks from the side.

Regarding such allegations by the United States, the DPRK demanded concrete insurance for normalizing relations, including a concrete time table for establishing the liaison office.

At the same time, the DPRK was reported to have put forward as an agenda item at the Pyongyang talks the issue of replacing the Armistice Agreement with a peace agreement. However, the United States stressed this issue should be resolved between the relevant parties in the North and South, and thus refused North Korea's proposal, stating this issue is not in compliance with essential agenda items of the Pyongyang talks.

Recalling the atmosphere of discord created between the ROK and the United States surrounding the DPRK-U.S. agreed statement announced at the last Geneva talks, the government is again concerned about the possibility of certain moves between the two sides at Pyongyang that may possibly exclude the ROK.

#### **U.S. Enterprises Studying Advance Into DPRK**

*SK1409065494 Seoul YONHAP in English 0614 GMT 14 Sep 94*

[Text] Seoul, Sept. 14 (YONHAP)—Major American companies, anticipating improved relations with North Korea, have begun studying the possibility of advancing into the North.

Business sources and the Korea Trade Promotion Corp. (KOTRA) said Wednesday [14 September] that Coca Cola Co., Federal Express and American Telephone and Telegraph (AT&T) have contacted North Korean trade officials stationed in Southeast Asia with a view to investing in the communist country. U.S. companies are banned from contacting Pyongyang directly.

Coca Cola has reportedly completed a survey of the North's soft drink market through its subsidiary in China.

In response to Pyongyang's efforts to attract foreign investment, seven overseas Korean firms are already operating in North Korea and a few others are poised to follow suit, according to KOTRA. Currently in business are firms specializing in spring water, clothing, knitwear and adhesives.

North Korea is host to 20 Chinese enterprises engaged mainly in the food business and over 30 Russian firms specializing in machinery, transport and fisheries. There are also more than 100 firms run by pro-Pyongyang Korean residents of Japan.

In addition, France runs the Yangkangdo Hotel and Australia TNT's Pyongyang office handles international postal services.

North Korea, proclaiming the Najin-Sonbong Free Economic and Trade Zone in 1991, has been actively promoting foreign investment.

#### **Daily Column Discusses U.S.-DPRK Relations**

*SK1109132594 Seoul CHOSON ILBO in Korean 11 Sep 94 p 5*

[Article in the "Kim Tae-chung Column": "U.S. Bus Bound for the North"]

#### **[Text] Inner Thoughts of Neighboring Countries**

Nowadays, whenever I pass by the American Embassy on Sejongno Street, I wonder if "there is any reason for the riot police to guard it in such an awe-inspiring fashion," because I believe that for a considerable period of time in the future, leftist student activists will no longer shout "anti-American" slogans, nor will they charge the American Embassy. This time, it may be rightists who will rush the embassy.

What has brought about this change? The neighboring countries around the Korean peninsula are talking about the unification of Korea, but they do not want to see it realized. The PRC does not want to see the North Korean regime collapse and a unified Korea [tongil hanguk, which means a unification realized at the initiative of the ROK] across its border. Russia is also rejecting the idea of a tongil hanguk which would come under the influence of the United States and Japan. Even Japan may not want to see the status of the ROK strengthened, or the confrontation between the four powers become acute as a result of the withdrawal of U.S. troops from the ROK following national unification.

The United States—more precisely, the Clinton administration—does not want to see the U.S. position in Northeast Asia weakened as a result of unification. It is in a sense true that the DPRK plays the role of buffer zone in Northeast Asia. Above all, there is no reason for



the United States to become conspicuous by rejecting the fixation on national division—the idea desired by the PRC, Russia, and Japan (some have played upon words by calling this “the stabilization of division”). After all, except for the ROK, the neighboring countries and the DPRK itself are now “opposing unification.” The leftists and off-stage dissidents also seem on the verge of advocating an antiunification stance, while emphasizing the fixation on division.

Under these circumstances, and believing the United States is the only country with the capability to help them, the DPRK has asked for help from Washington; as a result of such a request, the United States has decided to open its doors to improve relations with Pyongyang. From a certain point of view, the United States may have regarded North Korea’s nuclear issue as secondary, concerning the improvement of relations between the United States and the DPRK.

In addition, the United States’ rush toward the DPRK is realized partly by the fact that the voices of those inside the United States who are greatly discontented with U.S. policy toward the Korean peninsula are becoming louder. Voices have been heard such as: “For how much longer will the United States be dragged by the ROK in terms of its policy toward North Korea?” or “Doesn’t the United States have an independent policy toward the North?”

Disharmony in the ROK diplomatic team has also served as a factor that has annoyed the United States.

#### **“Coexistence of the South and North” Preferred**

Moreover, there is a view that a certain solidarity, which is either pro-North or has a strong characteristic to serve as a lobbyist for the North, has been formed in and around Washington, D.C. Some officials in the ROK Government explain this by stressing that in the past, such elements felt intimidated under the traditional ROK-U.S. friendship. However, as a result of Carter’s visit to the North and Kim Il-song’s death, they have gradually come to the fore in such a way as to bring about changes in the policy of the Clinton administration of the Democratic Party—which is already known for being liberal.

In conclusion, it is correct to say that neighboring countries around the Korean peninsula—in particular, the United States—have judged it beneficial to see the coexistence between South and North Korea maintained by helping the North Korean regime remain in power for a considerable period of time.

Over the Labor Day weekend, Foreign Minister Han Sung-chu hastily went to Washington to try and slow down this process, if not change the direction of such a trend. As a result, the establishment of a North Korean mission—which previously was to be established within the year—has been delayed for the time being. However, whereas Seoul has claimed that if U.S. and North Korean

missions are established before investigating North Korea’s nuclear activities, then things will go amiss; the United States has reportedly adhered to its position that the idea of “improving relations before special inspections” is conducive to solving the issue.

Accordingly, although the United States has listened to the South’s request and helped us gain time, we should also note that the United States has not changed its basic position.

Under these circumstances, what kind of choice should we make in the future? We cannot but imagine the following: We alone will remain behind as the United States eventually goes hand in hand with North Korea in their originally designed direction, leaving us to emphasize the ROK’s role and function in the face of improving relations between the United States and North Korea.

Of course, our best choice is “unification under the free democratic system” following a North Korean collapse. However, we have learned from the German experience that as long as neighboring countries, including the United States, do not agree to such a method of unification, then we will not be able to achieve unification with only our own efforts and hope.

Accordingly, we should not make the mistake of letting ourselves remain behind in the face of the developing situation in Northeast Asia, sticking only to our own hopes and positions while failing to take advantage of the surrounding environment.

#### **It Is Necessary To Secure Our Own Domain [yongyok]**

We cannot but adopt our second best choice: to accept the U.S. policy to cooperate with North Korea as a fait accompli, and consolidate our cooperation with the United States on such a basis.

In other words, we should provide the appearance of helping the United States start the bus bound for the North in which we join the United States on board. We should prepare ourselves for the perspective that the era in which only “ROK-U.S. relations” exist is coming to an end.

Of course, we should make efforts to look out for the ROK’s own domain. As the Cold War system becomes a U.S.-dominated [kullim] system, all countries should secure their own individual domains by which they can determine their own fate.

This means that our efforts and concerns should be concentrated on helping open up North Korea’s closed society and on enhancing the North Korean people’s standard of living.

#### **U.S. Urged To Use ‘Prudent Logic’ With North**

*SK1209082094 Seoul KYONGHYANG SINMUN in Korean 12 Sep 94 p 3*

[Editorial: “Any Agreement in Alienating the ROK Cannot Be Accepted”]



[Text] North Korea and the United States have begun their full-pledged diplomatic dialogue. They are now holding negotiations in Pyongyang on establishing liaison offices, and in Berlin on providing support for North Korea's switch to a light-water reactor system. It is the first time that a U.S. Government delegation officially enters North Korea since the Korean war, and this is worth recording as a historic event. The U.S. position is that it regards the Pyongyang meeting as a simple working-level contact. It is inevitable for the United States to state so because it has to prevent North Korea from having excessive expectations and covert purposes, and because it is aware of the ROK people's suspicions and public opinion.

However, availing itself of this opportunity, the new North Korean regime is fervently engaged in advertising the political and diplomatic significance of the meeting with the United States. Undoubtedly, North Korea will use it as a golden opportunity because the United States has come to be its negotiating partner to put an end to the Cold War on the Korean peninsula, and because it has become possible to remove the barriers to U.S.-North Korean exchange. From this viewpoint, the United States must approach the improvement of its diplomatic relations with North Korea, based on a cool and prudent logic.

The new North Korean regime should not adhere to its narrow-minded strategy of negotiating the future of the Korean peninsula with the U.S. Government, which was its enemy in the past, while alienating South Korea, a party directly concerned. North Korea makes a terribly wrong assumption if it thinks this scheme will be realized. The North Korean Foreign Ministry stated that it will push ahead with the negotiations with the United States, attaching great importance to signing a peace treaty with it. This shows North Korea's intention to formalize a channel for political and military negotiations, upgrading it from the one for negotiations on the nuclear issue. Accordingly, it is necessary for the United States to take this opportunity to clarify that the issue regarding the replacement of the Armistice Agreement with an alternate is a problem to be solved by discussions between South and North Korea.

It is absurd that North Korea demands a peace treaty as a means to avoid special inspections of its unreported nuclear facilities. The nuclear inspection and the conclusion of a peace treaty cannot be bartered. We are aware of North Korea's covert purpose based on a calculated tactic aimed at inducing the United States to withdraw its troops from the ROK and blocking the U.S. military intervention. The United States must put the strong brakes on North Korea's demand for political and military negotiations. If the United States adheres to the unclear attitude of placing this issue on the agenda in order to continue the nuclear negotiations, it is apt to be entangled in North Korea's trick.

If they are going to hold negotiations to guarantee the construction of peace on the Korean peninsula, there is

no reason for us to oppose it. However, the issue should be resolved by the parties concerned nationally after preparing a systemic device for a durable peace as South and North Korea have agreed. The conversion of the Armistice Agreement to a peace treaty at a strategic level is not worth discussing. It is natural that Deputy Prime Minister Yi Hong-ku stated that the ROK will call the responsibility for the Korean war in question first if North Korea persistently demands this.

The United States must also give a strong message to North Korea making it clear that North Korea's guarantee of transparency of its past nuclear activities cannot be bartered with anything else. Robert Gallucci, chief U.S. delegate to negotiations with North Korea, stated that it is "unnecessary to immediately conduct the special inspection." This can be interpreted to hint at the possibility that the special inspection issue will be overlooked if North Korea rejects it. I hope the United States expresses a more prudent position coordinated in advance with the ROK, rather than hurriedly improving diplomatic relations with Pyongyang or revealing its ambiguous policy.

#### **'Calm' Atmosphere of Chongwadae's DPRK Policy**

SK1109074394 Seoul HANGUK ILBO in Korean 11  
Sep 94 p 3

[Report by Choe Kyu-sik: "Chongwadae's North Korean Policy Has Become Calm"]

[Text] The atmosphere surrounding Chongwadae's [presidential offices] handling of its DPRK policy, including the North Korean nuclear issue, is now calm. Chongwadae is calmly developing measures for the DPRK-U.S. expert-level talks that began 10 September. This atmosphere can be sensed by the result of the talks between ROK Foreign Minister Han Sung-chu and U.S. Secretary of State Christopher on 7 September. The United States reaffirmed that progress in the North-South dialogue is important for improving DPRK-U.S. relations, including mutual establishment of liaison offices, thus launching a "campaign to appease the ROK." However, this is not the only reason to sense Chongwadae's calm atmosphere. It seems the government has finalized the framework of its North Korean policy, which indicates that as long as the result of U.S.-DPRK negotiations advances in the direction Seoul desires, it is not advantageous to place the United States into a difficult position and irritate the DPRK by unconditionally emphasizing unrealistic positions at each step.

On the same day of the talks between the ROK and U.S. foreign ministers in Washington, Yi Hong-ku, deputy prime minister for unification, pointed out: "The North Korean nuclear issue is part of North-South relations. Thus, if we are engrossed only with this issue, an imbalance will occur in our policies." This suggests that the government's policy for diplomacy and security has entered a realistic phase.



In fact, Secretary Christopher did not directly mention special inspections and ROK-model light-water reactors in the statement released during a news conference following the ROK-U.S. foreign ministers' talks. Normally this would have resulted in a sensitive reaction by our government; however, Chongwadae attached importance to the "principle for solving the nuclear issue" as revealed by Secretary Christopher in his remarks which states that "unless the DPRK resumes practical dialogue with the ROK, the nuclear issue cannot be resolved." This signifies the government's position that as long as the U.S. principle is clear and the ROK-U.S. cooperative system is confirmed, it is not advantageous to place further demands on the United States at every step of the negotiations.

That President Kim Yong-sam has not made any remarks recently regarding relations with the DPRK is also attracting attention. It appears the remarks which irritated North Korea—such as "competition has ended between the North and South over the system," and "we should prepare for reunification which may come in an abrupt manner"—will no longer be made in the future.

The issue for which Chongwadae is presently in agony, however, is the resumption of North-South dialogue. Deputy Prime Minister Yi's remarks at the 7 September news conference, and the content of the news conference by Foreign Minister Han in Washington, all called for a change in North Korea's attitude, including refraining from slandering and denouncing the South. This reflects the active move and efforts by South Korea for dialogue with North Korea. However, unless it has good reasons, the government cannot propose dialogue under a situation in which no change can be detected in North Korea's attitude. This is the difficulty facing the government at the moment.

#### Views To Consider on Korean Situation Noted

*SK1209092294 Seoul CHOSON ILBO in Korean 12 Sep 94 p 3*

[Editorial: "The Method To Understand Situation on Korean Peninsula"]

[Text] The crisis in our diplomacy revealed in the course of U.S.-North Korea negotiations on the North Korean nuclear problem seems to have been settled for the moment with the United States emphasizing that it will not pursue reconciliation with North Korea by sacrificing its relations with the ROK.

However, discussions surrounding this issue at home were carried out based on unrealistic considerations of the actual situation without understanding the overall complexity in the reality of international politics facing us and without offering alternative measures.

Although the situation in Northeast Asia is changing slowly into relations of the post-Cold War era, while the world's overall situation is showing signs of post-modern

age relations, the actual situation on the Korean peninsula—Cold War-oriented relations between the North and the South—has not changed to the slightest degree. As a result, we are living difficult threefold lives in the Cold War, post-Cold War, and post-modern age. Nevertheless, our discussion of the North Korean nuclear problem has been carried out on the basis of a one-dimensional viewpoint alone, thus causing immense confusion.

The first confusion we face was caused by the naive post-Cold War theory. This theory claims that, at a time when the world is rapidly freeing itself from the Cold War system, we should discard the way of thinking of North-South relations as Cold War-oriented relations. The clear limit of this theory is the fact that the North and South Korea have failed to free themselves from hostile relations up to the present since the Korean war broke out. As long as the North Korean regime regards our political system as that of the "enemy," it is not reasonable at all to consider the North Korean regime as "an enemy and a friend." This is because such a way of thinking may involve the danger of bringing about another tragic situation to the Korean peninsula, although it may be construed as an act of overcoming ill feelings between the people.

For one to turn North-South hostile relations into friendly relations, one should have political and military means with which one can make the other side powerless, as long as it remains our enemy, instead of unilaterally treating the other side as a "friend."

Another confusion we face is the naive "Cold War theory." If we arm our diplomacy with the basic Cold War-oriented concept by extending the Cold War-oriented worldwide reality on the Korean peninsula, our foreign relations will suffer enormous difficulties.

As long as North Korea persists in way of thinking of the Cold War era, we should take appropriate measures so that North Korea's ideas will not be realized. At the same time, by taking advantage of changes in the post-Cold War and post-modern era, we should encourage North Korea to discard the Cold War-oriented way of thinking and to no longer regarding South Korea as the "enemy."

The genuine breakthrough in North-South relations can be sought neither from the naive "post-Cold War theory" nor from the "Cold War theory."

By keenly becoming aware of the threefold situation facing the Korean peninsula, we should seek wisdom with which we can cope with North Korea's Cold War concept with the Cold War concept, and the post-Cold War situation in the Northeast Asia with the post-Cold War concept, and we should pursue the way of life in the postmodern era as a member of the international community.



**Paper Urges U.S. To Understand Seoul's Position**

*SK1409122794 Seoul SEOUL SINMUN in Korean 14 Sep 94 p 3*

[Editorial: "The United States Should Correctly Understand the ROK Position"]

[Text] Robert Gallucci, U.S. chief delegate to the U.S.-North Korea talks and assistant secretary of state, is scheduled to visit the ROK today to coordinate with the ROK positions and strategies regarding the upcoming talks with North Korea based on the outcome of the recent meeting between ROK and U.S. foreign ministers. His visit is of great interests at a time when a subtle change of U.S. attitude is sensed with the approaching follow-up meeting of the third round of the U.S.-North Korea talks scheduled for 23 September. The meeting is expected to be a decisive turning point for the resolution of the North Korean nuclear issue.

The United States has shown a change of attitude in negotiations with North Korea since Carter's visit to the North. The change was reconfirmed in the agreed statement of the third round of U.S.-North Korea talks held in Geneva on 13 August. Even though there was no substantial development in the verification of North Korea's past nuclear activities as well as in the North-South Korean relations, the United States showed a hasty attitude and made a unilateral concession by agreeing to exchange liaison offices.

It makes us suspect the United States is accelerating negotiations with North Korea according to U.S. political interests alone and excluding the ROK, not caring about the verification of North Korea's past nuclear activities. It is fortunate that Foreign Minister Han Sung-chu's U.S. visit decreased considerably unnecessary misunderstandings and deepened mutual understanding.

However, our suspicion is not completely cleared. The United States and delegate Gallucci should bear this in mind when coordinating the positions. They also should not forget that the ROK is the most important party concerned in the North Korea nuclear issue as well as in U.S.-North Korea relations, and should be given a right to speak more than anyone else.

Delegate Gallucci should try to correctly understand and respect the ROK's position during his stay in the ROK. Any compromise not accepted by the ROK Government and its people should not be made. To repeat the ROK's fundamental principle, North Korea's past nuclear activities must be assured, and U.S.-North Korea relations are impossible without improved North-South Korean relations. Support for light-water reactors and alternative energy should be based on a firm guarantee that they will not be diverted for military use. Concessions can be made in the format but not in the fundamental principles.

Although North Korea is stubbornly refusing the ROK-type light-water reactors, if the above principles are not

maintained, we cannot help North Korea with the ROK-type light-water reactors even if North Korea asks for them. The United States is asking for a written document from the ROK guaranteeing the support. This is also possible only when the ROK-type light-water reactors are selected, regardless of the format, and the aforementioned principles are implemented.

The United States should bear in mind that the ROK is not the old ROK which had unconditionally followed the United States. It should not forget the fact that the ROK is a country of liberalism, democracy, and independence looking forward to become the number 10 country in the world in all aspects, including politics and economy, and an ally that deserves respect from the United States.

**Russian Official Quoted on N-U.S. Normalization**

*SK1409004994 Seoul YONHAP in English 0034 GMT 14 Sep 94*

[Text] Seoul, Sept. 14 (YONHAP)—Russia accepts the normalization of relations between the United States and North Korea as a natural occurrence, ITAR-TASS quoted a high-ranking Foreign Ministry official as saying.

Valentin Moiseyev, chief of the Korea Department at the Russian Foreign Ministry, said Tuesday [13 September] that normalization of ties between the two nations "is a pressing problem. The Democratic People's Republic of Korea is subject to international law and is a United Nations member, so normalization would be natural," according to the official Russian news agency.

Moiseyev was commenting in regard to the four-day North Korea-U.S. experts' meeting on exchanging liaison offices held in Pyongyang.

He was quoted as saying that "the two sides discussed the exchange of liaison missions, which would become an intermediate stage for the establishment of diplomatic relations between the two countries. The improvement of American-North Korean relations will promote normalization in the Korean peninsula."

**Government Prudence Urged in Dealing With U.S.**

*SK1109095094 Seoul CHUNGANG ILBO in Korean 11 Sep 94 p 3*

[Editorial: "The Things That Should Be Prudently Considered During the DPRK-U.S. Talks"]

[Text] A meeting of experts from the DPRK and the United States are separately proceeding in Pyongyang and Berlin in order to discuss the technical issues of opening diplomatic liaison offices in each other's capitals as well as North Korea's processing of nuclear fuel rods and U.S. support for building a light-water reactor. In connection with the talks, we once put forward our minimum preconditions that should be met: that the



United States should link the improvement of DPRK-U.S. relations to the development of North-South dialogue; that the DPRK should clarify its past nuclear program; and that the DPRK should use a South Korean-model light-water reactor. Also, Foreign Minister Han Sung-chu recently visited the United States to gain the U.S. Government's support for the necessity of a North-South dialogue, and seems to have succeeded in fulfilling his mission.

Even if we know the United States will make efforts to keep their promises, we feel ill at ease now because of the discord between the ROK and the United States over the North Korean nuclear issue, as well as the DPRK's unexpected action over the past years. In this respect, we want to point out several points the United States should remember during their talks with the DPRK.

The reason the United States is holding talks with the DPRK—talks which began with the DPRK-U.S. high-level meetings held after Pyongyang declared it would withdraw from Nuclear Nonproliferation Treaty last year—is to confirm the DPRK's nuclear transparency through special inspections [tukpyol sachal] of its undeclared facilities in Yongbyon. However, the two sides are now discussing North Korea's processing of nuclear fuel rods, ignoring special inspections. This is the unexpected situation which prevails at present. The only promise the DPRK made is that it will freeze its nuclear development program only if the United States establishes diplomatic relations with Pyongyang and supports North Korea in building a light-water reactor.

As a result of this promise, the DPRK has gained what they want: the holding of political talks with the United States in order to discuss the establishment of diplomatic relations; the confirmation of a U.S. guarantee that it will not be the first to launch a nuclear attack against the DPRK; and provisional suspension of the Team Spirit exercises. Furthermore, the DPRK has even called on the United States to sign a peace agreement during the expert-level meetings. The reason the DPRK presents such conditions is because the United States—which is not able to correctly judge the attitude of a North Korea that gradually plays its new cards after reaching their goals—has failed to take the appropriate steps to deal with Pyongyang.

Such attempts by North Korea indicate there is no change, not even slight change, in Pyongyang's long-cherished strategy toward South Korea. North Korea is persistently sticking to its old logic formed during the Cold War that it will establish diplomatic relations with the United States by directly negotiations, excluding South Korea, and as a result will sign a peace agreement with the United States that will withdraw U.S. troops from South Korea. However, how can peace be guaranteed on the Korean peninsula via a DPRK-U.S. peace agreement without the participation of the ROK, a practical party to stabilization on the Korean peninsula? We do not believe the United States will accept North

Korea's demands. And even if the United States does, a peace system cannot be established on the Korean peninsula using only that agreement. The DPRK should present reasonable proposals that will be possible for both the ROK and United States to accept.

Of course, the U.S. Government has expressed its willingness not to accept the DPRK's demands. However, we are concerned because we do not know if we can firmly trust such pledges by the United States, which reneged on its previous positions whenever it holds talks with North Korea.

We should pay deep attention to the attitude of the United States, because if the DPRK takes advantage of the United States with this peace agreement, a grave situation will arise on the Korean peninsula that may end the stabilization on the peninsula.

#### **Han Briefs DLP Chairman Kim on U.S. Visit**

*SK1409094994 Seoul YONHAP in English 0938 C 1T  
14 Sep 94*

[Text] Seoul, Sept. 14 (YONHAP)—Foreign Minister Han Sung-chu said Wednesday afternoon there could be no resolution of the North Korean nuclear question unless "the issue of special inspections as demanded by the International Atomic Energy Agency (IAEA) is settled."

While meeting with Kim Chong-pil, chairman of the ruling Democratic Liberal Party [DLP], at Kim's party office, the minister said the issue of support for light-water reactors, too, cannot be brought to a settlement without South Korea taking part in it in a leading role.

Han was briefing the DLP chairman on the outcome of his recent visit to Washington.

"There is no prerequisite to the proposed exchange of liaison offices between the United States and North Korea," Han said. "But, our two countries shared view that the exchange would be promoted parallel with South-North dialogue."

Minister Han said he would reaffirm these principles of South Korea-U.S. cooperation with U.S. Assistant Secretary of State Robert Gallucci who is visiting Seoul Wednesday afternoon.

"Between our two countries there is no difference whatsoever and dialogue is going on in an atmosphere of close cooperation," DLP spokesman Pak Pom-chin quoted Han as saying.

#### **Review Urged of Expenses Share for U.S. Troops**

*SK1009091994 Seoul HANGYORE SINMUN in Korean  
10 Sep 94 p 1*

[Report by Yun Kuk-han]



[Text] On 9 September, the ruling Democratic Liberal Party [DLP] demanded a reexamination of the government's share of defense expenses for U.S. troops stationed in South Korea, noting the portion allotted to the government is too large. This has aroused public interest since it is unprecedented for a ruling party to demand a reduction of the government's defense expenses for U.S. troops stationed in South Korea.

The DLP issued their demand in printed material from the National Assembly Standing Committee, which was distributed to lawmakers with the 170th regular session of the National Assembly approaching, pointing out that the government's share of expenses for U.S. troops stationed in South Korea was \$45 million in 1989 and \$260 million in 1993, increasing over 500 percent in five years.

The DLP noted that the government's share of defense expenses has rapidly increased according to an ROK-U.S. special treaty signed in 1991 which stipulates the ROK Government shall provide the United States with up to one third of the total expenses incurred for maintaining U.S. troops stationed in South Korea.

The DLP further noted that U.S. Secretary of Defense William Perry stated in May 1993 that the ROK's share of defense expenses was greater than that of Japan and Germany as of 1993, and stressed the "need for reexamination."

In addition, the DLP expressed concern about differences in opinion between the ROK and the United States over the supply of aircraft-borne electronic intercept devices, core equipment in the F-16 project which requires an immense budget. The DLP urged the government to take measures to prevent ROK-U.S. discord over the issue from frustrating the F-16 project.

#### **Sales of Korean Automobiles in U.S. Declining**

*SK1109005194 Seoul THE KOREA TIMES in English  
11 Sep 94 p 8*

[Text] Korean-built automobiles are facing a continuous decline in their share in the United States as they are sharply losing low-price merits.

Korea exported a total of 397,500 units for a peak share of 3.8 percent in 1988, according to figures compiled by the Korea Automobile Manufacturers Association [KAMA], an interest group of seven large and small motor vehicle producers.

Both auto shipments and shares dropped to 297,000 units for 3 percent in 1989, 229,000 units and 2.5 percent in 1990, 194,400 units and 2.4 percent in 1991, 156,000 units and 1.9 percent in 1992 and 148,400 units and 1.7 percent last year.

During the first half of this year, shipments edged up 400 units to 80,500 units from the year before. But their share fell again from 1.9 percent to 1.7 percent, the figures showed.

"The unfavorable trend has largely stemmed from the weakened price competitiveness of local autos," said a KAMA executive. "Korean exports, long acknowledged for low prices, have carved a bad image in the mind of American consumers as being lemons though they are now of good quality and reasonable prices."

Actually, some small cars are priced not much cheaper than American and Japanese competitors.

The sticker price of Hyundai Motor's 113-horsepower Elantra compact are set at 9,709 dollars and that of Kia Motors' 88-horsepower Sephia at 8,495 dollars in the United States, still their largest market, dealers said.

Their prices are not a great boon to sales there. The standard Chrysler Neon with 132-horsepower 2,000cc engine capacity with dual air bags is sold for 8,975 dollars, cheaper than the Sephia with no air bag but more expensive than the Elantra with an air bag for the driver.

General Motors' 1,900cc Saturn is just 200 dollars cheaper than the 1,600cc Elantra.

The standard 1,800cc Protege with 103 horsepowers, developed by Mazda of Japan, is priced at 9,495 dollars, quite cut-rate for the strong value of the Japanese currency.

All in all, Hyundai cars ranked 32nd among 33 vehicles sold in the United States in terms of consumer satisfaction, according to a recent report by a market surveyor, J.D. Power & Associates, which was made available by the Washington branch of the state-run Korea Trade Promotion Corp.

The Toyota Lexus was polled first, followed by the Nissan Infinity and General Motors Saturn.

Hyundai, the largest Korean automaker which sells the Sonata, Elantra, Excel and Scoupe in the United States, gained the lowest score only except Japan's Suzuki.

#### **Seoul on Revising Tobacco Agreement With U.S.**

*SK1309000994 Seoul THE KOREA TIMES in English  
13 Sept 94 pp 1, 7*

[Text] Korea will propose to the United States in a trade meeting today that a bilateral tobacco trade agreement be revised in view of heightening criticism that U.S. cigarette manufacturers have failed to pay domestic dues, officials said yesterday.

Seoul will also seek at the 17th Korea-U.S. trade subgroup meeting, the removal of specific regulations included in the bilateral record of understanding (ROU) which allow the Seoul government little power to regulate cigarette advertisement and sales promotion activities here.

Chong Ui-yong, director general of the Foreign Ministry's international trade bureau, will head the Korean delegation. His U.S. counterpart will be Peter Collins, deputy assistant U.S. trade representative.



According to the 1988 record of understanding (ROU) between Seoul and Washington, U.S. tobacco manufacturers are to pay only excise taxes which are equally imposed on both domestic and foreign cigarettes.

Therefore, any new introduction of taxes or other forms of levies has been virtually impossible on U.S.-manufactured cigarettes.

Beginning January this year, the government ordered the Korean Tobacco & Ginseng Corp. [KT&G] to contribute to a fund promoting environmental protection. Tax authorities have collected 20 won per pack from only domestically produced cigarettes because the Korea-U.S. agreement blocked the imposition of such levies on imported cigarettes, which would have amounted to some 5 billion won.

U.S. companies have snubbed the idea of contributing to the fund on the grounds that part of the collection goes to subsidizing Korea tobacco farmers.

"In line with the changing world environment which introduces more restrictions on cigarette smoking, the government will seek more flexibility in its regulations," a Foreign Ministry official said.

The current record of understanding includes detailed regulations on tobacco advertisement and promotion activities, officials said.

A KT&G official said that such regulations should have been included not in the bilateral agreement but in domestic laws regulating tobacco-related business.

U.S. tobacco manufacturers have engaged in diverse promotion activities by sponsoring sports events or paying contributions to place their logos on street signboards.

"There is mounting public opinion that tobacco advertisement and sales promotion activities must be curbed to ensure public health and protect minors from the harms of smoking," an official said.

However, the Foreign Ministry official predicted that the U.S. delegation is likely to refrain from engaging in detailed negotiations over the tobacco issue.

Currently, no tariff has been imposed on U.S.-manufactured cigarettes in accordance with a Korea-U.S. deal which bans U.S. tobacco manufacturers' production activities here.

The no-tariff rule, which has been applied to all member countries of the General Agreement on Tariffs and Trade (GATT), has given sumptuous benefits to Japanese tobacco manufacturers, according to the KT&G.

Japan has significantly increased its Korean market shares as a beneficiary of the rule. Of the 400 million packs of imported cigarettes worth 160 million dollars, Japan accounts for 150 million packs or nearly 60 million dollars.

The biannual talks are to discuss a wide range of trade issues including automobiles, intellectual property rights, food sanitation, tobacco and anti-dumping charges filed against Korean-made color televisions.

### **Seoul, U.S. Discuss Tobacco Imports Issue**

*SK1309082794 Seoul YONHAP in English 0730 GMT 13 Sep 94*

[Text] Seoul, Sept. 13 (YONHAP)—South Korea and the United States neared agreement Tuesday on revising the tobacco import agreement signed in 1988 so that Seoul can levy excise tax and restrict advertising more freely, the Foreign Ministry said.

Seoul promised to clearly define the expiration period for heat-treated frozen sausages at the next food administration review session but will continue to ban sausage imports until then, the ministry said.

South Korea has no written guidelines on the expiration period for such sausages, and the Health and Social Affairs Ministry will be in charge of setting the rules, it said.

The two sides opened a trade sub-group meeting in Seoul, where these two issues topped the agenda.

The 1988 agreement on tobacco imports focused on preventing any sales conditions that discriminated against American cigarettes and ended by restricting the Seoul government from controlling excise tax rates and its advertising policy.

Seoul officials explained that consumption trends and public opinion have changed greatly since the agreement. Seoul, for instance, cannot increase or levy taxes on foreign cigarettes because of this agreement and ends up taxing only domestic products.

Seoul also explained that a non-smoking campaign is catching on, requiring the government to restrict cigarette ads.

The U.S. side said it is still reviewing Seoul's requests but has generally agreed to these terms, officials here said.

South Korea reiterated its demand that the United States review anti-dumping charges against South Korean color television sets for 1990-91, pointing out that the delay is causing Korean manufacturers to pay that much more in anti-dumping duties.

### **Report on International Competitiveness Issued**

*SK1309091394 Seoul YONHAP in English 0756 GMT 13 Sep 94*

[Text] Seoul, Sept. 13 (YONHAP)—South Korea's competitiveness is about 60 percent that of the world's most competitive country, although Korea has improved in



this area over the past one or two years, according to a report by the Federation of Korean Industries (FKI) released Tuesday.

The FKI report contrasts sharply with a recent survey by a private Swiss research body, the international Institute for Management Development (IMD), which put South Korea at 24th in terms of competitiveness among 41 countries and estimated it had only 53 percent of the competitiveness boasted by the world's most competitive nation.

According to the FKI report, based on a survey of 1,156 Korean Government officials, businessmen, scholars, journalists and experts on economics over 20 days starting Aug. 1, 40 percent of the respondents believe the country has improved in competitiveness over the past one or two years while 37 percent said the current level is about the same as one to two years ago. Only 23 percent said the country was less competitive than one or two years ago.

The factors cited as improving the country's competitiveness were the domestic economy (19.8 percent), internationalization (19.5 percent), management (15.9 percent) and human resources (13.5 percent), according to the FKI survey.

Among the factors which contributed to a weakening of the country's competitiveness were infrastructure (18.8 percent), Science and Technology (18.1 percent), government (16.8 percent) and finance (12.4 percent), the survey revealed.

The FKI evaluated the country's competitiveness in eight major categories, just as the Switzerland-based IMD did in domestic economy, internationalization, government, finance, infrastructure, science and technology, management and human resources.

Local economic experts felt the country was competitive in human resources, domestic economy and management and less so in finance and government, according to the FKI survey.

They also believed the country's competitiveness in semiconductors, shipbuilding and steel is about 85 percent of the level in advanced countries and that South Korea is more competitive than Taiwan in such fields in the world market.

The country, however, is less competitive than major developing countries as well as advanced nations in aerospace, new materials and garments, the survey said.

The KDI [as received] report attributed the discrepancies between it and the IMD to different modes of surveying and differing views among local experts and foreigners on Korea's investment environment.

The IMD put the country's competitiveness at seventh among 18 developing countries, the lowest since 1991.

A report on international finance made recently by a Swiss bank, however, predicted that South Korea would be the most competitive in the world by 2010 considering its increasingly mobilizable resources and momentum in economic growth.

### **ROK-Made Electronics Smuggled Back Into Nation**

SK1309235094 Seoul THE KOREA TIMES in English  
14 Sep 94 p 8

[By staff reporter Sa Tong-sok]

[Text] Korean-made electronic products such as televisions and refrigerators are being smuggled back into Korea in massive quantities and trade in the black market at cheap prices.

These smuggled electronic goods are being traded at nearly half the normal prices in the black market, disturbing the market order.

According to electronics industry circles yesterday, large amounts of Korean-made electronic goods have been shipped to Russia and other European countries after due customs procedures and have then been brought back to the country.

Immediately after being smuggled in, the products are dumped in black markets in Pusan and Seoul, industry sources said.

Samsung Electronics Co.'s 29-inch color TVs are priced at 1.05 million won in domestic retail markets but the smuggled products sell for 590,000-600,000 won, nearly half the normal price, in a black market in Seoul.

Retail prices of Daewoo Electronics Co.'s 500-liter refrigerators are pegged at between 998,000 won and 1.06 million won but smuggled products of the same type are priced at 450,000-460,000 won in the black market.

The prices of smuggled electronic goods are even cheaper in the port of Pusan where gaining access to smuggled goods is easier than in Seoul.

Smuggled Korean-made electronic goods had circulated around Pusan in limited amounts until last year but this year black marketeering and smuggled products have spread to Seoul.

The massive smuggling of locally-made electronic goods is attributed to the large gap between domestic and export prices. While a Samsung 29-inch color TV costs around 1.05 million won in retail stores, the export price of the same product stands at only 500-550 dollars (400,000 won-440,000 won).

This is because a variety of taxes including a special consumption tax, together with high sales margins, are slapped on domestic goods.

Some wholesalers in the Yongsan electronics market even say that hundreds of thousands of Korean-made



electronic goods have been smuggled back into the country since the turn of this year.

### **Agricultural Training Given to Developing Nations**

*SK1309090594 Seoul YONHAP in English 0746 GMT  
13 Sep 94*

[Text] Seoul, Sept. 13 (YONHAP)—South Korea recently provided training in advanced agricultural techniques to experts from developing nations in Asia, Africa and South America.

The rural development administration offered training in rural development and agricultural skills to 17 experts from 13 African nations including Angola, Congo and Ethiopia from Aug. 29 to Sept. 13 at its international technical cooperation center, designed to forge links with developing countries.

The training comprised lectures and field study focusing on the status quo in Korean agriculture, the direction in the development of farming skills, rural infrastructure improvement projects, the nurturing of agricultural manpower and the present state of agriculture as far as environmental protection.

An administration official expressed hope that the African trainees will push ahead with agricultural exploitation and rural development in their countries to solve food problems and improve overall welfare after their training here.

Prior to the African trainees, the administration invited 17 agricultural experts from 15 Asian, African and South American nations from June 1 to July 19 for training in rice production and processing.

It also taught breeding, treatment of disease and preventive skills for livestock to 19 experts from 10 nations, including Mongolia and China from, July 27 to Aug. 23.

The administration has offered agricultural training to 1,886 foreigners from 97 developing countries since 1972.

### **Chinese President Jiang Plans To Visit Seoul**

*SK1409110594 Seoul YONHAP in English 1055 GMT  
14 Sep 94*

[Text] Beijing, Sept. 14 (YONHAP)—Chinese President Jiang Zemin said on Wednesday he would visit South Korea though he cannot disclose the exact time of the visit.

Jiang made the remarks in response to a question posed by Hyon So-hwan, president of South Korea's YONHAP news agency, while meeting with the representatives of Asia-Pacific news agencies now here in Beijing attending the ninth general meeting of the Organization of Asia-Pacific News Agencies (OANA).

Recalling that he accepted the invitation extended to him by President Kim Yong-sam during Kim's visit to

Beijing last spring, President Jiang said, "Accordingly I would visit your country though I cannot disclose the exact time."

The Chinese president said he had highly profitable talks with President Kim in Seattle last year, adding that he would meet President Kim again during an unofficial summit of the Asia-Pacific Economic Cooperation (APEC) taking place in Indonesia coming November.

### **Consulate General Opened in PRC's Shandong**

*SK1209093994 Seoul YONHAP in English 0744 GMT  
12 Sep 94*

[Text] Seoul, Sept. 12 (YONHAP)—The Seoul government on Monday opened the second South Korean Consulate General in China at Qing Dao, Shandong Province, to support the activities of South Korean businessmen in Shandong and nearby provinces, the Foreign Ministry announced.

A ceremony to celebrate the consulate general's opening was held around noon at the consulate general building in Qing Dao City with Kim Ho-tae, consul general to Qing Dao, Choe Tong-chin, assistant vice minister, other Foreign Ministry officials, the mayor of Qing Dao City and other Chinese officials attending, the ministry said.

The second South Korean consulate in China, following one in Shanghai, is staffed by Consul General Kim, one consul and two vice consuls.

The ministry, noting that the South Korean Consulate General in Qing Dao is the only foreign consulate general in the Chinese city, hopes that it will help expand relations between South Korea and Qing Dao.

A direct air route will be opened between Seoul and Qing Dao within the year in accordance with an aviation agreement reached between the two countries last July.

Trade volume between Shandong Province and South Korea reached 1.1 billion dollars in 1993, according to the ministry.

South Korean firms have invested in various projects worth 224 million dollars in the province and Shandong authorities have approved investment plans worth an additional 221 million dollars, the ministry said.

Qing Dao, the second largest city in Shandong Province with 7.16 million people, is currently home to 2,000 South Korean businessmen and their dependents and 30 South Korean students studying at universities there, according to the ministry.

### **Ministry Denies Supporting Japanese UNSC Seat**

*SK1409063794 Seoul YONHAP in English 0631 GMT  
14 Sep 94*

[Text] Seoul, Sept. 14 (YONHAP)—The Foreign Ministry denied Japanese press reports Wednesday that



South Korea has expressed support for permanent Japanese membership in the United Nations Security Council [UNSC].

Asked to verify the reports, Ministry Spokesman Chang Ki-ho said Seoul was unable to determine their basis while pointing to South Korea's position paper presented to the United Nations in August last year.

The Japanese daily SANKEI reported Tuesday that the Seoul Government has unofficially notified Tokyo of its support for Japan's membership in the council.

The spokesman, saying Seoul's position is unchanged on opposing an increase in the number of permanent council members, suggested creating a "third category" of countries without veto power but having terms up to 10 years with indefinite renewal.

Seoul itself is bidding for non-permanent membership in the council for 1996-97.

#### **National Assembly Session Opens Amid Controversy**

*SK1009060094 Seoul YONHAP in English 0530 GMT 10 Sep 94*

[Text] Seoul, Sept. 10 (YONHAP)—The National Assembly opened its 170th regular session Saturday with endorsement of a new Constitutional Court chief, passage of the 1995 budget and the Uruguay Round bill, and administrative rezoning regarded as the key issues.

The session will last for 100 days and kick off with recommendations for justices of the Constitutional Court and passage of newly appointed president of the Constitutional Court, Kim Yong-chun, on Sept. 12 and 13. Standing committees convene for 20 days from Sept. 28.

The lawmakers have 178 bills in all to deliberate. But like many past sessions, the Assembly is getting off to a shaky start with the opposition Democratic Party (DP) refusing to settle on the schedule after the parliamentary inspections on the administration end on Oct. 17.

The DP demanded on the opening day that President Kim Yong-sam appear personally before the Assembly to make his policy speech or else it will not abide by the agreed schedule.

The ruling Democratic Liberal Party (DLP) criticized the opposing camp for "turning its back" on political honor.

This is the second convening of the regular parliamentary session since Kim Yong-sam, the first civilian president in decades, took office in February last year.

As if hinting at unending confrontation on almost every major bill, the DP has already set its foot down by vowing to oppose the black-ink budget bill crafted by the government and the ruling DLP.

It maintains that the ruling camp will try to use part of the expenditure for regional development to gain an unfair advantage over the opposition in next year's local autonomy elections.

The DP is also worlds apart from the DLP on bills ratifying establishment of the WTO [World Trade Organization], revising the National Security Law and rezoning administrative boundaries.

House speaker Hwang Nak-chu pleaded with the lawmakers to make this session a landmark in the history of the parliament by making it a peaceful one.

"The majority has to listen to the opinions of the minority, and the minority has to follow the opinions of the majority," said Hwang in his opening speech, asking the lawmakers for sincere discussions and "dignified" behavior.

"We have been entrusted with handling the national budget," the house speaker said. "It is our responsibility. We should not link it with political issues."

#### **President Vows 'Determination' Against Corruption**

*SK1409131694 Seoul YONHAP in English 0717 GMT 14 Sep 94*

[Text] Seoul, Sept. 14 (YONHAP)—With President Kim Yong-sam again proclaiming that severe punishment will be meted out to officials involved in corruption at a dinner for cabinet ministers Tuesday, the government has intensified inspection of civil servants to ascertain whether they have taken bribes in a stepped-up drive against graft.

Attaching importance to President Kim's instructions that cabinet ministers must not be tainted by corruption, the government will have minister-level officials spearhead the creation of a clean officialdom so that the upper-tier cleansing drive can take hold. Moreover, steps will be taken to prevent lower-level officials from taking bribes during the coming Chusok and year-end holidays, including increased examination of the Board of Audit and Inspection (BAI) and other agencies.

Deploring a series of corruption cases over the past several months, President Kim said there has been no change in the anti-corruption policy he declared when he took office in early 1993, adding he would never overlook graft and irregularities in officialdom.

To bolster the chief executive's determination to fight corruption, the in-house auditing system of government ministries and agencies will be improved by specializing the inspective work of auditors, while the functions of the BAI will be strengthened.

The government's heightened anti-corruption drive was occasioned in part by a bribery case involving tax collectors in Incheon.



This bribery case also prompted the government to have Taejon and Songnam cities inspect their tax collectors, as it has concluded that such bribery is not limited to the Incheon tax collectors.

The government will use the inspection results from these two cities to set up a system aimed at institutionally preventing tax-related corruption.

The tax collectors' bribery case in Incheon has compelled the government to step up its anti-corruption campaign by increasing inspections of lower-level administrative units such as tax offices, officials said.

The inspections will be conducted to glean data that can help improve administrative areas prone to corruption, including the tax collection and business licensing systems.

The functions of the BAI will be modified under the revised Board of Audit and Inspection law, while the in-house auditing system of government agencies will be improved to promote the status of auditors through job specialization, the officials said.

#### **Information Minister on Revising Broadcast Law**

*SK1409065994 Seoul YONHAP in English 0618 GMT  
14 Sep 94*

[Text] Seoul, Sept. 14 (YONHAP)—Information Minister O In-hwan reiterated Wednesday [14 September]

that the Broadcasting Law should be revised during the regular parliamentary session so that the Information Ministry has the authority to license satellite broadcasting companies, which will debut with the launch of a Mugunghwa communications satellite next June.

Speaking at a breakfast meeting at the Press Center organized by the Korea University Graduate School of Journalism, O insisted that the Communications Ministry draft plan allowing satellite broadcasting companies to lease transponders from the Mugunghwa satellite would create chaos because it could not prevent satellite broadcasting companies from leasing transponders from satellites owned by other countries.

O added that licensing those who lease transponders to run broadcasting companies would run counter to the current law, which abides by the principle of licensing one radio station to only one broadcasting company.

"It would be desirable to revise the Broadcasting Law to introduce a system in which the Information Ministry had the authority to license satellite broadcasting companies after scrutinizing applicants' qualifications," the minister said.

He added that he would strive to settle the question over who should have the authority to license satellite broadcasting companies—the Ministry of Communications or the Ministry of Information.



## Cambodia

### More Repercussions to Newspaper Editor Killing

#### Minister Denies Crackdown

BK1309121794 Phnom Penh THE CAMBODIA DAILY in English 12 Sep 94 p 6

[Report by Barton Biggs]

[Text] At least three Khmer-language newspapers shut down and several editors reportedly went into hiding over the weekend, as rumors of a large-scale government crackdown on the press swirled in the wake of last week's murder of newspaper editor Nun Chan.

Minister of Interior Yu Hokkri, however, denied that a series of events last week—which included several government warnings, the shooting of Nun Chan in broad daylight near Wat Phnum, and reports of threats to foreign and Khmer journalists—signaled a concerted government effort to silence an increasingly critical press corps.

"Those rumors are wrong—capital w-r-o-n-g—wrong," the minister insisted last night, saying "I understand very well the principles of human rights, I respect human rights."

Nun Chan's paper, the VOICE OF KHMER YOUTH, along with KAMLANG SETTHAKECH THMEI and PRUM BAYON NEWS, all decided to suspend operations following Wednesday's brutal killing. At least six editors and journalists also went into hiding, a friend and colleague of the slain editor told THE CAMBODIA DAILY yesterday.

First Prime Minister Prince Norodom Ranariddh threatened last week to expel "irresponsible" foreign journalists from the country and issued a statement, which was later retracted, criticizing a UPI article which speculated on a government shakeup. The prince has lambasted the foreign press in recent weeks for its "interference" in attempts to negotiate the release of three western hostages being held by the Khmer Rouge in Kampot Province.

Foreign and Khmer journalists have also reported receiving anonymous intimidating phone calls—some of them death threats—in the past week.

Yu Hokkri insisted, however, that the government had not launched an intimidation campaign and denied allegations in Friday's CAMBODIA DAILY that he had warned the VOICE OF KHMER YOUTH to tone down its harsh government criticism several weeks prior to Nun Chan's murder.

"The people who report that to you, they were lying," the minister said in a telephone interview. He added that a Ministry of Interior investigation is "75 percent complete" and would clear the government of involvement in the editor's death.

The minister stopped short, however, of saying that those behind the killing of Nun Chan are not government officials specifying only that "it was not done on behalf of the government or either of the parties."

The VOICE OF KHMER YOUTH has targeted many high-ranking and prominent political personalities in its often vitriolic assaults on corruption and incompetence in the government.

VOICE OF KHMER YOUTH workers adamantly defended themselves against charges from head of the Khmer Journalists Association Pin Samkhon, reported in AFP, that the paper was irresponsible in its coverage and is being funded by "certain elements" who are pursuing their own agenda.

"Pin Samkhon has never supported any newspapers which have criticized the government," said one staffer. "Of course, if we had high personalities supporting us, my editor would not be dead."

#### Ministry Said Gathering Information

BK1309143994 Phnom Penh CAMBODIA TIMES in English 11-17 Sep 94 pp 1, 2

[Report by Ouk Kimseng]

[Excerpt] [Passage omitted] In an interview with THE CAMBODIA TIMES, Ieng Muli, Minister of Information, said that over the past one year, the government had favored journalists with full freedom of journalism. Instead, they had become more irresponsible with their inflammatory articles against certain personalities in favor of a handful of politicians.

"As we are undergoing the transitional period of rebuilding the country which was badly ravaged by war, journalists must realize that they, as members of the society, should take the interest of the nation into account," Ieng Muli said.

"Journalists are required to contribute to rebuilding the country," he added.

The Minister stressed that a good number of newspapers have gone beyond the freedom of journalism and the freedom of expression.

"The government will take no action against the press but journalists must be held accountable for groundless vitriolic articles, sometimes even written in vulgar language," Muli said.

"We don't have any power to charge them but the Court has to implement the rules of the State's laws," he added.

It is learnt that the Ministry of Information is compiling documents against five newspapers found to be violating existing laws.

There are two existing laws which were established by the former government of the State of Cambodia and the United Nations Transitional Authority in Cambodia (UNTAC) respectively.



The law made by the State of Cambodia has been described as pro-communist limits freedom of journalism by the local and foreign media. [sentence as published] The law made by UNTAC would appear to be acceptable as okay since local and foreign journalists have not reacted to it.

One of the five newspapers, SAMLENG YUVEAK-CHUN KHMER [VOICE OF KHMER YOUTH] is to be brought to trial before the court according to the Ministry of Information. A government official said the murder of Nun Chan was politically motivated as the newspaper was extremely critical of politicians.

"There may be many reasons. A plot may have been arranged to slay the editor in order to cover up ministers and politicians who may be corrupt," said the official who asked not to be identified.

#### Death Called 'Crucial Blunder'

BK1309141894 Phnom Penh THE CAMBODIA DAILY in English 12 Sep 94 p 10

[Article by Gretchen Peters from the "Opinion" page: "Assassination of Local Editor Was a Dangerous Blunder"]

[Text] The VOICE OF KHMER YOUTH newspaper, whose editor was gunned down last Thursday near Wat Phnum after repeated warnings to tone down the nature of his political criticism, received a warning from the Ministry of Information on July 16 for an editorial titled "May I Ask Hun Sen a Little Thing?"

The piece is a acerbic attack on Hun Sen which in its lead asks if the people are to consider the second prime minister an "untouchable" figure in the government. It asks, "For what end do we have war, war, war? For what end is the fight to abolish the Khmer Rouge?... Who is Hun Sen working for today? For Nation, Religion, King? Or for Vietnam?"

The editorial concludes, "Your greed-power policy should have died a long time ago. We are sorry the King reincarnated a nasty tiger like you. But Khmer citizens will not blame the King, because he wants his people to stay alive."

The tone of this and similar articles evidently prompted last week's assassination of Nun Chan, the editor of VOICE FOR KHMER YOUTH.

We can not blame Hun Sen and other politicians attacked in the local press for being rankled and, in some cases, offended by the tone of such articles. But whichever political or business leader eventually decided "enough is enough" made a crucial blunder that will likely destabilize the government further.

When asked why the government seems to be making such a violent crackdown on press freedom here, an employee for VOICE OF KHMER YOUTH newspaper

said yesterday, "they are afraid of losing power so they become more like a dictatorship—trying to tighten their grip on power."

But by clamping down on public opinion, the government only weakens its case. In stamping out those who screech about corruption, the government looks more suspicious than ever.

The government can not function properly without the voice of the media and its role in mass distribution of information and public opinion. For the government to respond to press critiques by issuing direct warnings of newspaper closures—and possibly far more severe threats—is to undermine the very essence of democracy, ostensibly in place here.

#### 'Political Commentary' Views Khmer Rouge Demands

BK1309161394 Phnom Penh National Radio of Cambodia Network in Cambodian 1300 GMT 13 Sep 94

[“Political commentary”: “The Khmer Rouge Game”]

[Text] The Khmer Rouge—addicted to the obsolete trick of using his majesty's reputation as a shield, which it used successfully to seize power in 1975—attempted a few days ago to employ the king as an intermediary to approach the Royal Government on two proposals. These proposals involve the abrogation of the bill outlawing the Democratic Kampuchea group and granting permission for the group to reopen its office in Phnom Penh. This is in exchange for its crime of holding foreigners hostage. The group was not able to achieve its plan as desired; its dirty trick was completely defeated. Not only did the group fail to achieve its most criminal goal, but its terrorist acts have also been denounced.

It should be recalled that these Khmer Rouge proposals are conditions for the release of the three foreigners detained in the Phnum Voar area and for the free movement of the Doctors Without Borders organization. In their joint letter of 5 September, the three samdech [Ranariddh, Chea Sim, and Hun Sen] stated that the capture of the three foreigners was not a recent development, nor did it stem from the outlawing of the Khmer Rouge rebel group or the closure of its office. Concerning the members of Doctors Without Borders, the three samdech stressed that if the Khmer Rouge disturbed, arrested, or massacred them the group would be held responsible before our people as well as the international community. As for the government, it must make an all-out effort to fulfill its duty.

It is absolutely certain that the Khmer Rouge has already been outlawed and that there is nothing that can be done to reverse its ostracism. Besides, the proposals put forth by the Khmer Rouge to show that it desires peace are actually a tactic to attract the attention of the public which has already dumped the group in history's rubbish bin. As such, using the problem of the hostages to



pressure the government is a Khmer Rouge strategy to make the public focus its attention on the group once again.

The bill outlawing the Khmer Rouge was delayed for six months, which was more than enough time for the group to reconsider. The nation and people, like the Royal Government and the National Assembly, want nothing but peace and national reconciliation. Come hell or high water, though, we will not play the Khmer Rouge's game.

### **Radio Notes Downing of French Plane Near Kratie**

*BK1309142394 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 13 Sep 94*

[Text] According to a report, on Friday, 9 September, a French airplane was shot down near Kratie town. The French pilot was seriously wounded. Among the passengers was a foreign businessman dealing in logging with the two-headed elements in Kratie Province. It is not known whether they are dead or alive. The source said that the shooting took place near Kratie town which is controlled by the two-headed government.

Insecurity is rampant throughout the country—in the south, north, west, and east. Travelling by car, railway, and boat are all unsafe. It is now unsafe to even fly. Roads in the cities and provinces are also insecure.

The report said that due to the security problem, foreign traders do not want to engage in business deals with the two-headed elements. Some who previously risked staying on are now returning home.

### **Radio Denounces Ranariddh Over Immigration Law**

*BK1309160794 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 13 Sep 94*

[Unattributed commentary: "Prince Ranariddh—Wanting To Become the Second Chey Chettha—Certainly Stands To Lose"]

[Text] According to reports, Prince Ranariddh wrote a letter to Communist Vietnamese Premier Vo Van Kiet on 9 September 1994 assuring him that not a single Vietnamese will be expelled from Cambodia after the implementation of the two-headed government's immigration law.

Immediately after the two-headed elements staged the farce of passing the immigration law, the Cambodian nation and people saw through it as a deceitful farce meant to cover their treason in selling out the nation to communist Vietnam and the villainous alliance. There is no need for Prince Ranariddh to say anything. Everyone knows that this immigration law is just a tissue paper law. The communist Vietnamese and communist Vietnamese puppet administration in Cambodia control

both the legislative and executive powers; that is, they are both the makers and the enforcers of laws. Given this, would they drive any Vietnamese out of Cambodia?

Ranariddh raised his voice because he has been Hun Sen's puppet for a year now. Ranariddh raised this issue to please his communist Vietnamese boss. Hey, Ranariddh! Why have you betrayed the nation to this extent? Why have you lowered yourself to the point of becoming a Vietnamese lackey?

What does Prince Ranariddh have? He has no army—the army belongs to the communist Vietnamese, Hun Sen, and the Cambodian People's Party. He has no other forces of his own because his FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] has already been dissolved. All he can do is wag his tail to curry favor with the communist Vietnamese and villainous Western alliance. This clearly attests to the traitorous nature of Ranariddh, who wants to become the second Chey Chettha [former Cambodian king who sided with Vietnam]. Ranariddh should know that history will not allow the same thing to happen. Cambodian history will not allow another Chey Chettha.

The Cambodian nation and people will continue to struggle to settle the question of the 4 million ethnic Vietnamese by driving all of them out of Cambodia. The first, second, or whichever puppets of the communist Vietnamese will certainly be doomed along with these Vietnamese.

## **Philippines**

### **Ramos Interviewed on Europe Trip, Meeting Pope**

*BR1409104894 Madrid ABC in Spanish 13 Sep 94 p 28*

[Interview with Philippine President Fidel Ramos by Fernando Pastrano in Madrid; date not given: "Europe Must Board the Philippine Rocket Ready for Take-Off"]

[Text] [Pastrano] Are you going to visit five countries in nine days? Is that not too much? Can one get much out of such a quick trip?

[Ramos] Not five countries, seven. From Manila I traveled to Bangkok, where I talked with the Thai prime minister about our cooperation within the framework of the Association of South East Asian Nations (ASEAN). I also visited the Pope at the Vatican. It should be borne in mind that the Vatican is also a state. After Italy I came here to Spain, and after here I will visit France, Belgium, and Germany. That makes seven countries.

[Pastrano] You are a Protestant in a country that has an overwhelming Catholic majority. What did you say to the Pope?

[Ramos] I saw him at his summer residence Castel Gandolfo just before he went to Zagreb. We talked about His Holiness' visit in 1995 to Manila to inaugurate the



10th International Youth Day Conference, to celebrate the 4th centennial of the Archdiocese of Manila, and to preside over the Conference of Catholic Archbishops. I thanked him for all of that.

[Pastrano] However, your relations with the Catholic Church were not very good before, judging by the opinion which Cardinal Sin, the highest-ranking Philippine Catholic official, had of you. He recently called you a "Godless man."

[Ramos] When the pope received me, after giving me his hand he told me, "I love the Philippines, I love the Filipinos, and I am very interested in visiting that country." I believe that this demonstrates our good relations with the Holy See. Although I am a Protestant, I do not have any problem with the Catholic Church. And Catholic Filipinos do not have any problem with me either. Imagine that in a country which is so overwhelmingly Catholic, I was elected by a democratic popular vote. As for the criticisms leveled at me by Cardinal Sin, I have since talked with him and with the archbishop of Manila, and there is no problem. The very same Cardinal Sin, who is my age, congratulated me on my last birthday.

[Pastrano] You have repeated on many occasions throughout your two years in office that what moves you to visit foreign countries is "economic diplomacy." Some 100 businessmen are accompanying you on your trip. It seems that the economy is everything to you.

[Ramos] No, the economy is not the only reason why I came to Europe. As you will be aware, there is a very large Philippine colony throughout Western Europe. This is true not only in Spain, but also in Italy, where there are 47,000 Filipinos. In addition to visiting them, I came to Europe to inaugurate a major historical exhibition—to be opened in Paris—of the archeological finds of the San Diego, a Spanish ship with a Filipino crew that was discovered by a team of French archeologists. The Netherlands is also involved in the exhibition because, at the end of the day, it was against them that the Philippines and Spain were fighting at that time.

[Pastrano] But the Philippines is not at war with anyone now...

[Ramos] I have also come to remind people of our historical links and revive existing ties. Spain has steadfastly supported the current Philippine democracy, born in 1986. I believe that, in this sense, Spain and the Philippines have very similar histories, especially over the last 10 or 15 years. What we want now is to show the countries of Europe that a democratic country such as the Philippines is a country with a great future that can make economic progress and be competitive at world level.

[Pastrano] What became of the historical links that united our two countries and that gave you your last name? What vestiges of Spain are there in the Philippines?

[Ramos] First, there is our economic dynamism. Business activity in my country is mostly run by Filipinos descended from Spaniards. The families of Soriano, Solbes, and many more are entrepreneurs of Spanish origin, and there are members of those families in the delegation I have brought with me. Another thing we have in common is our Catholic religion. Over 83 percent of Filipinos are Catholics. Many of the intellectuals and revolutionaries that worked for our country had their thought enriched by the legacy of Spain in the 19th century. I would even like to mention a painting entitled "The Battle of Lepanto" painted by the Filipino Juan Luna and which hangs in our Senate. There are many examples of Spanish presence in the Philippines.

[Pastrano] What is your message to the Spanish people, or, better still, to the European people?

[Ramos] We have to look to the year 2000 and the continued development of the Philippines. I would therefore like to invite the Spanish people and all Europeans not to climb aboard the Philippine train that is already moving but instead to jump onto the Philippine rocket that is ready for take off and which will blast off at high speed in the year 2000. We are preparing for this in many ways. We want to reduce poverty and consolidate the conditions that enable us to continue with our sustained development. I believe that our friends in Europe should climb aboard this rocket so that we can all achieve a more prosperous economic situation.

### Public Debt Reaches 1.32 Trillion Pesos

*BK1209050994 Manila BUSINESS WORLD in English 8 Sep 94 p 10*

[Text] The country's outstanding public debt rebounded to a higher level as of the first half, after a moderate fall of 1.31 percent in the first five months.

Latest statistics from the Bureau of Treasury (BTr) show aggregate public debt expanded to P[Philippine pesos]1.326 trillion, representing an increase of 1.45 percent as against the P1.306 trillion recorded in the first five months. However, compared with the first half last year, public debt rose 19.58 percent from P1.108 trillion.

Public debt which is divided into foreign and domestic-sourced borrowings went up by P18.63 billion in June. Foreign obligations which was about 46.2 percent of total moved up 1.53 percent to P612.3 billion from P603.1 billion. Domestic debt, which cornered the lion's share of 53.8 percent, also rose to P713.14 billion as of June.

Public debt covers all foreign and domestic liabilities incurred by government, its agencies and instrumentalities.

The increase in the country's foreign public obligations can be partly traced to the strengthening of foreign currencies vis-a-vis the U.S. dollar. The amount borrowed by the country in original currencies is converted into U.S. dollars.



Meanwhile, regular accounts which comprised direct loans of the National Government (NG), assumed loans and RP [Republic of the Philippines]-bond converted loans reached P1.165 trillion, representing an increase of 1.71 percent during the period in review.

Direct loans acquired by government cornered the bulk or 87.38 percent of total regular accounts. Among these liabilities were P963 billion availed by various government agencies, while the remaining P66.86 billion were relent to different government-owned and -controlled corporations.

A total of P65.467 billion or 5.61 percent of the regular accounts were made up of loans assumed by NG, while the remaining P81.676 billion or 7 percent consisted of loans converted into bonds under the Philippine Financial Plan.

In contrast, the combined guaranteed and contingent accounts which comprised 12.03 percent of total public obligations contracted to P159.436 billion from P160.417 billion as of May.

Total guaranteed loans declined 2 percent to P120.68 billion as against P123.04 billion. The biggest among these liabilities were P116.534 billion or \$4.293 billion of guaranteed foreign loans. However, guaranteed domestic loans slightly went up to P5.047 billion from P4.852 billion.

On the other hand, contingent accounts or potential liabilities increased 3.9 percent to P38.853 billion during the period in review.

Latest data from the National Statistical Coordination Board put the total population at 60.7 million. This means that each Filipino has a share of P21,835.63 of the public debt. This could be even bigger if interest payments would be included.

Government has been resorting to public borrowing to raise funds in order to finance economic development further without necessarily raising taxes.

#### **Big Reserves of Gas, Oil Off Palawan Confirmed**

*BK1209091894 Manila PHILIPPINE DAILY  
INQUIRER in English 9 Sep 94 p 17*

[Text] Shell Philippines Exploration Corp.(SPEX) and Occidental Petroleum Corp. of the US (Oxy) have confirmed the presence of commercial quantities of oil and gas at the Camago-Malampaya field in northwest Palawan. The two foreign firms said they have decided to spend an estimated \$2 billion to develop the oil and gas field for commercial production.

The two firms estimated that the field has reserves of 1.9 trillion to 3.9 trillion cubic feet of gas, 29 million to 126 million barrels of oil, and 62 million to 125 million barrels of condensate.

"The reserves are not significantly different from our previous estimate. We believe that the overall project—the gas production and the power plant construction—is feasible and will give the Philippines competitive power," Reinier Willems, president of Shell Philippines, said.

Willems said the gas in the Camago-Malampaya field could sustain the requirements of a 3,000-megawatt power plant by the year 2000.

Outgoing Energy Secretary Delfin Lazaro said that some 40,000 barrels of oil a day could be produced from the Malampaya field.

Willems declined to give the exact figures on the field's reserves, saying these would be part of the gas price negotiations between Shell-Oxy and the Department of Energy-National Power Corp. this year. Shell and Oxy completed last month the drilling of the last appraisal well in Malampaya to confirm the field's reserves.

Willems, however, said that the price of gas from the Camago-Malampaya field would not be based on the spot price of gas since the project has to take into consideration the \$2-billion investment required to put it into production.

"It's not going to be cheap gas, but the power generated with the use of Malampaya gas will be affordable and less than the average cost of power in the country," Willems pointed out. He said that an agreement with the government on the gas price would likely be reached by the first quarter of 1995.

Willems said that Shell and Oxy have also put on hold an earlier plan to look for a partner that will have a 30-percent stake in the Camago-Malampaya service contract until after negotiations with the government on gas pricing have been completed.

Shell and Oxy have an equal 50-percent stake in the project. Atlantic Richfield Co. of the U.S. and Totale Corp. have expressed interest to participate in the development of the gas and oil field.

Of the \$2 billion development cost, \$500 million will be used for the construction of the pipeline that will bring the gas to Batangas.

#### **Thailand**

#### **UK's Hurd Agrees To Forge New Defense Links**

*BK1409064294 Bangkok THE NATION in English  
14 Sep 94 p A4*

[Text] Thailand and Britain have agreed to forge new links in defence relations, a new field that would involve cooperation and the exchange of military equipment, British Foreign Secretary Douglas Hurd said at a press conference here yesterday.



Hurd said that the Ministry of Defence in London have an agreement with their Thai counterpart on a framework in which help was possible to develop a defence policy between the two countries.

"It is relatively a new element which has not yet taken full shape but which we are now keen to encourage," he said.

Hurd said the two countries had common points of interest, including the need for satellite communications between the two armed forces. He said he mentioned the proposals in his talks with Prime Minister Chuan Lik-phai and would discuss it with Gen Wimon Wongwanit at a dinner hosted by the British Embassy last night.

Though business seemed to dominate the British delegates' week-long visit to Asia, Britain and Thailand on Monday signed the Mutual Legal Assistance Treaty, a cooperation that would hopefully combat international crime, especially in the drug trade.

The British foreign secretary also expressed interest in the stability of the region and Thailand's participation in that stability, through security agreements with countries in the region.

During his three-day visit to Thailand, Hurd made a visit to His Majesty the King and had a meeting with Prime Minister Chuan Likphai.

#### **Hurd Comments on Burma Policy**

*BK1409063894 Bangkok BANGKOK POST in English  
14 Sep 94 p 3*

[Text] British Foreign Secretary Douglas Hurd said trade with Burma might have the useful effect of opening up the military-dominated country to the outside world and bringing about positive domestic changes.

Mr Hurd made the statement during a press conference at the British Embassy last night. He ends his three-day official visit to Thailand as guest of the Foreign Ministry today and travels on to Vietnam.

Asked about Britain's position on Burma, whether trade should be encouraged while condemning other aspects of its government known as the State Law and Order Restoration Council (SLORC), Mr Hurd said earlier in the day he welcomed a decision by British businessmen to send a trade mission to Burma:

"We follow the European Union line on Burma, we're strongly critical of the abuse of human rights by the SLORC and in particular, of course, the overturning of the election results and the treatment of the leaders of the winning party," he said.

"But that should not impede or prevent trade, and indeed, in certain circumstances, trade can actually have a useful effect in opening up the country and showing the

need for change inside the country, so there's never been a trade boycott, though there is a European guideline barring political contact."

On Britain's interest in formally joining the newly-formed ASEAN Regional Forum (ARF), Mr Hurd said he raised Britain's interest in joining the post-Cold War loose consultative body on security issues in the Asia and Pacific region during talks with his counterpart Squadron Leader Prasong Sunsiri.

"I told the Foreign Minister we would be interested in taking part in ARF in our right," he said, adding it had not yet been formally considered by his government.

As to what role Britain hoped to play in the ARF, Mr Hurd said "We have security interests in this part of the world," explaining Britain's various defence cooperation agreements with several countries in the region.

When pressed about the need for Britain to join ARF given the existing defence cooperation in the region, Mr Hurd said "Because ARF is a new forum in which security issues are discussed. I'm not putting this as a prime objective, simply during the course of discussions about the developments in Southeast Asia, I made the point that it would be useful to be involved in our own right, rather than as an occasional member under the EU troika," said Mr Hurd.

On the recently concluded UK/Thailand Mutual Legal Assistance Treaty, signed by Mr Hurd and Sqn Ldr Prasong yesterday, the Foreign Secretary expressed confidence the treaty would work, based on experience with existing arrangements.

"I think it will work, our own dealings under existing arrangements with Thai authorities have been workman-like... I'm confident it will be useful," said Mr Hurd.

#### **More Items To Be Proposed for AFTA Tariff Cuts**

*BK1409060394 Bangkok THE NATION in English  
14 Sep 94 p B1, B2*

[Text] Thailand is ready to propose a list of 400 unprocessed agricultural foods, which includes the country's politically-sensitive rice and fruit, in the tariff reduction project of the ASEAN Free Trade Area (Afta) in the upcoming ASEAN Economic Ministers' Meeting, scheduled next week at Chiang Mai.

"Thailand has a competitive edge over other countries in farm products. The list is likely to benefit us because the country has more opportunities to export these products to other ASEAN members," said Pitiphong Phungbun Na Ayutthaya, secretary-general of the Office of Agricultural Economics under the Agricultural and Cooperatives Ministry.

The six ASEAN countries originally agreed to cut their import tariffs, under the so-called Common Effective Preferential Tariff (Cept), of industrial products, capital



goods and certain processed farm products to 0-5 per cent within 15 years starting last year.

But even though Afta has been active for only a year, the ASEAN countries saw an urgency to expand the scheme's coverage in order to keep up with other free trade areas, such as the North American Free Trade Agreement (Nafta), the integrated European Union as well as the future World Trade Organization.

They now agree to include more products in the scheme, especially those under agriculture and service farm sectors.

On the list of 400 unprocessed farm goods, Thailand is likely to include—after long and arduous discussions—rice and fruit, Pitiphong said.

Rice is considered as a highly sensitive product as it is closely associated with farmers, a significant group of voters for the governments of at least three ASEAN countries which include Thailand, the Philippines and Indonesia. But the country still refuses to add five products which are tea, potatoes, flowers, coffee and coconuts in its list, Pitiphong said.

Scheduled during Sept 22-25, 1994, in Chiang Mai, the 26th ASEAN Economic Ministers' Meeting will discuss not only the expansion of Afta to cover unprocessed agricultural products, but also how to increase cooperation in the service sector, intellectual property and linking Afta with Australia and New Zealand's Close Economic Relations Agreement.

### **Poll Reveals Public Approves of Chuan's Approach**

*BK1409060594 Bangkok THE NATION in English  
14 Sep 94 p A4*

[Text] The majority of members of the public approve of the performance of the Chuan Administration, which will reach its half-way point on Sept 23, and want the coalition government to complete its four-year term, according to an opinion poll conducted by Suan Dusit College.

The results of the Suan Dusit Poll, which were released yesterday, said that 7.5 per cent of the respondents rated the government's work "excellent", 20 per cent described it as "good" and 45 per cent say it was "satisfactory." Only 5.5 per cent of those interviewed say they were "dissatisfied" with the administration.

Prime Minister Chuan Likphai receives a good popularity rating with 9.2 per cent of respondents saying he had done an excellent job; 24 per cent, good; and 41 per cent, were satisfied with his performance. A mere 5.1 per cent of those polled say they were not at all happy with his performance as the chief executive.

The opposition does not fare as well as the government in the poll. Almost six per cent of the respondents think the opposition had done an excellent job, 18.5 per cent say it had done well and 41.7 per cent say they were

satisfied. Seven per cent of those interviewed say they were not happy with the opposition's performance.

Forty-five per cent of the respondents say they wanted the Chuan Administration to complete its four years in office, 21.4 per cent said they do not want the government to serve its full term, the rest did not say what they wanted.

On expected changes to the Chuan Administration after its first two years in office, 40.1 per cent said they wanted the current Cabinet to stay, 25.7 per cent suggested a Cabinet reshuffle, 11.2 per cent recommended a House dissolution, 10.7 per cent demanded the government's resignation, while the remainder gave no opinion.

A total of 30,000 people from all walks of life, from all parts of the country were surveyed between Aug 15 and Sept 9. Ninety-four per cent of the randomly selected people returned their questionnaires.

The poll titled "Chuan Administration's Two Years in Office" was conducted in cooperation with 36 teacher training colleges throughout the country.

Asked to rate the Chuan Administration's handling of various aspects concerning domestic affairs, the majority of respondents commended the government for curbing prostitution (19.3 per cent); rural development (15.1 per cent); overall performance (11.2 per cent); infrastructure (10.9 per cent); living standards and environment (9.8 per cent); education (7.6 per cent); pay increase for government officials (6.7 per cent); traffic management (96.5 per cent); economic development (6.3 per cent); and democratic reform (6.2 per cent).

The respondents were also asked in an open ended question to list what they think should be the priority of the Chuan Administration. The following were the ratings in order of importance: better traffic management (22.3 per cent); acceleration of rural development (21.5 per cent); control on consumer prices (13.8 per cent); improvement in living standards and environment (13 per cent); and expansion of access to education (9.9 per cent).

Assistant Prof Sukhum Chaloeisap, who headed a group of academics involved with the polling, said the results showed that the public were generally satisfied with the Chuan Administration's performance.

"Apparently, the government has proceeded in the right direction, particularly its emphasis on rural development, which was second-ranked on the government's outstanding achievements list," Sukhum said. "It appears that the government has also succeeded to a certain extent with its slow-but-sure approach."

According to the pollster, the typical respondent of the poll was a man or woman, aged between 20-30 with monthly earnings of between Bt1,000 and Bt5,000, had completed secondary education and who lived in a rural community.



**Cabinet Approves Intellectual Property Court***BK1409053394 Bangkok Radio Thailand Network in English 0000 GMT 14 Sep 94*

[Text] The Cabinet during its meeting yesterday approved a draft bill calling for the setting up of an intellectual property and international trade court as proposed by the Ministry of Justice.

The new court will be empowered under both Civil and Criminal Codes relating to the laws on trade mark, patent, and copyright. It will consist of judges with expertise in intellectual property and international trade. The judges will be empowered to summon qualified persons or experts to give their opinions before the court.

The central intellectual property and international trade court will cover Bangkok and three nearby provinces namely Nonthaburi, Pathum Thani, and Samut Prakan.

A royal decree is required for the setting up of the central court while an act will have to be promulgated for the setting up of regional and provincial intellectual property and international trade courts. Such a court will serve as an effective tool for national development in line with the present global trade trend.

**Vietnam****Vo Van Kiet, PRC Minister Discuss Cooperation***BK1309153094 Hanoi VNA in English 1506 GMT 13 Sep 94*

[Text] Hanoi VNA Sept. 13—Prime Minister [P.M.] Vo Van Kiet received here this afternoon Minister Wu Wenying, president of the General Textile Confederation of China, who arrived here Sept. 10 for a six-day working visit to Vietnam.

Prime Minister Kiet introduced to the Chinese minister Vietnam's strategy and policies on the textile industry. The P.M. expressed hopes for more assistance from China in management, organization, personnel training and marketing in the textile industry.

For her part, Minister Wu Wenying spoke out China's interest in cooperation with Vietnam in upgrading textile mills of Vietnam and exchanges of views on some relevant sectors that China is good at.

Also today Minister Wu Wenying signed with Vietnamese Light Industry Minister Dang Vu Chu a document on economic, scientific and commercial cooperation between the two textile sectors. Under the document, the two sides will promote and support enterprises of the two countries to broaden cooperation on the basis of equality and mutual benefits.

The two ministers found it necessary to renovate plant and equipment at textile mills built with China's assistance, and dealt with China's supplies of equipment required by Vietnam in form of delayed payment credit.

Minister Wu Wenying and her party toured some textile and garment establishments in Hanoi and Ho Chi Minh City.

**Vo Van Kiet Receives French Oil Company Chief***BK1309152394 Hanoi VNA in English 1443 GMT 13 Sep 94*

[Text] Hanoi VNA September 13—Prime Minister [P.M.] Vo Van Kiet received here today Mr. Tchuruk, president of French oil and gas group Total, the first foreign company to take part in oil and gas exploration and exploitation in Vietnam, who is on a working visit to Vietnam.

Mr. Tchuruk informed P.M. Vo Van Kiet of his group's activities in Vietnam and its plan to build an oil refinery in Vung Tau of Vietnam. Total with investment capital of about USD [U.S. dollars] 100 million has conducted exploration at some lots and it has together with other foreign companies discovered oil at Dai Hung (Great Bear) Oil Field which will pump out the first tonne of oil by the year end and which will have a capacity of 30,000 barrels per day.

The Total president reaffirmed Total's permanent engagement in Vietnam's oil industry, including exploration, exploitation, refinery, petro-chemistry and product distribution.

Premier Vo Van Kiet welcomed Total's encouraging achievements in Vietnam culminated by the discovery of oil at Dai Hung.

He considered the cooperation between Total and Vietnam Petro Corporation an important role in the Franco Vietnamese friendship and cooperation.

**France To Help Build Bridge on Gianh River***BK1109061494 Hanoi Voice of Vietnam in English 1000 GMT 10 Sep 94*

[Text] A 730-meter-long bridge will be laid across the Gianh River on Highway One with technical assistance from the French company (Fresenet). The new bridge will cost U.S.\$7 million, of which \$5 million will be funded by the French Government. The bridge will be built as the cooperation between (Fresenet) and the Thang Long Bridge Company, the largest bridge construction firm in Vietnam.

**Thai Foreign Minister at Seminar on Cooperation***BK1009103394 Bangkok BANGKOK POST in English 10 Sep 94 p 6*

[Text] The establishment of a Thai-Vietnamese Business Council and a database to provide business information could be the means to promote economic cooperation between the two countries, Foreign Minister Prasong Sunsiri suggested yesterday.



He also reaffirmed Thailand's willingness to cooperate with Vietnam in supporting its economic development and reform.

Sqn Ldr [Squadron Leader] Prasong made the suggestion during his address on "A New Era of Thai-Vietnamese Economic Cooperation Policy" at a five-day seminar on "Vietnam: A New Investment Frontier in Southeast Asia", organised by THE NATION in Ho Chi Minh City.

"Other possible measures include the setting up of a database to provide market-related data and statistics, information updates on government policies and procedures, and most important of all business contacts," he said.

The foreign minister said the more Vietnam engaged in the economic restructuring process, the more prepared the country would be for its eventual integration into Southeast Asia through its participation in ASEAN.

Hanoi has expressed enthusiasm to apply for ASEAN membership after the United States early this year lifted its 30-year economic embargo.

Sqn Ldr Prasong said that with continued economic dynamism sweeping the region, regional economic cooperation was becoming the norm in inter-state relations.

The construction of an extensive road network under the framework of the Economic Cooperation in the Greater Mekong Subregion, or the so-called economic hexagon would benefit Thailand and Vietnam directly and strengthen Thai-Vietnamese relations, he said.

The regional economic grouping comprises China, Burma, Laos, Vietnam, Cambodia and Thailand.

Representatives from these countries are due to meet next week in Chiang Mai to discuss the final report of the feasibility study conducted by the Asian Development Bank (ADB).

Three possible routes linking Thailand to Vietnam which are being considered include Bangkok-Phnom Penh-Ho Chi Minh-Vung Tau, Nakhon Phanom-Tha Khek-Vinh and Mukdahan-Savannakhet-Danang.

"These routes should help the flow of goods, services capital and people between Thailand and Vietnam," Sqn Ldr Prasong said.

Thailand ranked 12th among nations in terms of investment value in Vietnam, amounting to US\$142 million, he said.

The volume of trade between the two countries stood at US\$200 million a year.

#### **Foreign Vocational Training Schools Allowed**

*BK1109120094 Hanoi VNA in English 0705 GMT 11 Sep 94*

[Text] Hanoi VNA Sept. 11—Foreign organizations and individuals are now allowed to invest in, build and operate vocational training schools in Vietnam.

According to regulations promulgated by virtue of a decision issued recently by the government, the Ministry of Education and training is responsible for the consideration of the establishment or dissolution of these institutions whose certificates and degrees are valid throughout the country, provided they are recognised by the ministry.

These vocational training schools are allowed to employ foreign staff, however, the regulations stipulate, Vietnamese citizens should be given priority.

The government will consider tax exemption for equipment, teaching aids and materials imported by these institutions for training purpose, the regulations say, adding that foreign citizens coming to work at these institutions will enjoy immunities as currently provided for by the Vietnamese Government in relation with entry, taxes and travel.

The regulations add that capital invested by foreign organizations and individuals in these institutions will not be subject to requisition or confiscation by administrative measures, and that the institution will not be nationalized.

The languages used for teaching can be either Vietnamese, a foreign language or Vietnamese combined with a foreign language but the objectives and curricula must adhere to those registered with the Ministry of Education and training, the regulations further stipulate.

#### **Radio Surveys Recent Industrial Development**

*BK1009143294 Hanoi Voice of Vietnam in English 1000 GMT 8 Sep 94*

[From "Vietnam Economy" feature]

[Text] Home and foreign economic experts share the opinion of Vietnam industry is moving out of stagnation to affirm itself in market economy. Since 1991, all industries in Vietnam have been rehabilitated and gradually developed. The average growth rate in the three years from 1991 to 1993 was 11.5 percent, achieving a record rate since 1975.

Industrial product value in the GDP increased from 1.8 percent in 1990 to nearly 2 percent in 1993. The oil and gas industry joined foreign company in pumping up more than 100,000 barrels of crude oil a day. In 1993, Vietnam exploited 6.3 million tonnes of crude oil and it is expected to achieve 7 million tonnes this year. A lubricant oil production line with the capacity of 50,000 tonnes a year, a joint venture with BP, will be constructed. Vietnam is also making preparations for the construction of a crude oil finery with the capacity of 6.5 million tonnes a year.

The power industry is also developing. Last year 10.5 billion kilowatt-hours were produced and it is expected that this year the figure will be 11.5 billion kilowatt-hours. The last generator unit of Vietnam's biggest



hydroelectric power plant in Hoa Binh has just been put into operation. The 500-kilovolt trans-Vietnam power transmission line has been completed after two years of construction. Steel production last year was 220,000 tonnes, a record figure. In 1994 and 1995, a steel production joint venture with a foreign country will be put into operation each year bringing the total steel production to 350,000 tonnes. Five of the 500 light industries have the highest growth rate in 1991-93 period. They are shoes; porcelain, glass and ceramics; milk; garments; and beer and soft drink. The garment industry achieves a growth rate of 36 percent and have exported its products to many countries including the European Community.

The food processing industry has contributed greatly at the cultural product value, particularly agricultural products for export. Worthy of note is that from importing rice, Vietnam now is the third biggest rice exporter in the world. Since 1991, the food product value has accounted for 36 percent of the total industrial product value of the country.

Foreign investment projects in industry account for 54 percent of the total projects licensed. Vietnam has defined a policy of industrialization and modernization to develop the country.

#### **\* Defense Factory Switches to Consumer Goods**

942E0094A Hanoi *QUAN DOI NHAN DAN* in Vietnamese 3 Jul 94 p 1

[Article by Do Phu Tho: "Factory Z113 (Defense Industrial and Economic General Department)—A Typical Factory in the National Defense Industry"]

[Text] For nearly 40 years, the national defense industry's Z113 Factory has always properly fulfilled its task of producing national defense goods. In the last few years, part of its work was switched to producing economic goods, which have been well-liked in the market. Its yearly output has been increasing.

In the first six months of 1994, in spite of the many difficulties it encountered, its cadres, workers, and civil servants still maintained the same growth rate; actively and positively looked for more markets; stepped up the production of traditional goods, such as machinery, chemicals, and explosives used in agriculture; and effectively carried out the program to cover bare hills with vegetation, including planting mulberry bushes and raising silkworms. As a result, the jobs of all of its cadres, workers, and civil servants have remained stable.

On the occasion of the 37th anniversary of its foundation (2 July), the factory was awarded the National Defense Ministry's traveling banner, with the citation calling it "The unit that has the best emulation movement."



## Australia

### Singapore Prime Minister in Canberra on Visit

#### Goh on Asia Relationship With West

BK1309142094 Singapore *THE STRAITS TIMES* in English 13 Sep 94 p 5

[Report by Han Fook Kwang in Sydney]

[Excerpts] The Asian industrial revolution offers the West the greatest opportunity of sustaining its prosperity, and there are lessons in the experience that might benefit the developed countries, according to Mr. Goh Chok Tong yesterday. But he had a message too for Asia: it should recognise the difficulties of the developed countries as they tried to adjust to keen competition from developing economies and should do more to reduce trade and investment barriers.

As Asia's economic strength grew, he noted, it would reshape Western perceptions of it. But he also warned of one reaction that was gaining ground: calls to impose Western labour and environmental standards on developing countries which he labelled protectionism in disguise.

Mr. Goh's wide-ranging speech on the changing relationship between Asia and the West is especially relevant here as Australia, which he called the most Asianised country of Western origin, has had to develop more and more of its economic links with East and South-east Asia.

Speaking at the 12th Lecture of the Asia-Australia Institute, he began by sketching out the growing importance of Asian economies and how it had affected Asian minds.

"Asia's new business and political leaders and its growing middle-class are more self-confident and less accepting of Western dominance than their predecessors who lived through the colonial era," he said.

The importance of Asian markets, he noted, would reshape Western perceptions of Asia, citing the Clinton administration's new realism in dealing with China as an example of how it recognised America's huge stake in the country. But he noted that there was also some ambivalence about Asia's growing presence expressed by some Western politicians and opinion-makers who blamed cheap imports from Asia for the distress and unemployment in the West.

He spoke of a new brand of protectionism today propounded by those who demanded that developing countries impose Western labour and environment standards.

This, he said, was hypo-critical and misguided as the West never had these standards when they were at comparable levels of development.

In any case, the best way to raise living standards in Asia was to buy goods from these countries so the people there could find jobs and earn a living in the world.

As incomes rose, living standards would improve and Asian would see the benefits of these improvements, he said. But he also pointed out that Asia should recognise the difficulties the industrialised countries faced in "adjusting to the sudden, simultaneous entry of large, hungry and competitive players in the world marketplace".

The solution for Western nations was to restructure their economies to become more competitive and to reequip their workers with new skills, not to shut out Asian imports.

Turning to regional developments, he said the principle of "open regionalism" must continue to govern cooperation in trade and investment.

Referring to meeting of Apec [Asia-Pacific Economic Cooperation] leaders in Indonesia, he noted that President Suharto had proposed that the future Apec agenda include a programme of trade liberalisation leading to free trade.

"Singapore strongly supports this vision of free trade in the Apec area," he said. However, Asia had to do more to reduce trade and investment barriers.

Noting that Asia's increasing prominence meant that these and barriers would not go unnoticed, he added that lower trade barriers and fewer subsidies for its uncompetitive industries were in Asia's own interests.

Doing so would also help the West increase its exports and adjust to the new global marketplace.

"This will increase the West's stake in Asia, and help to assure Asian countries of ready, reciprocal market access in the West," he noted.

He concluded his speech by calling on the West to learn from the Asian experience just as Asia had benefited from Western technology and ideas such as the free market and rule of law.

"A half century of Asian economic growth...cannot go unnoticed for its lessons, both its strengths and weaknesses," he said. He cited Japanese management practices as a good example of the benefits of mutual learning between Asia and the West. [passage omitted]

"In a highly competitive, knowledge-based economy that is emerging, mono-cultural firms will not thrive. Nations that failed to learn from best practices elsewhere will lag behind. Those that seek a creative meshing of cultures will forge ahead," he said.

#### Goh Sees Role for EAEC Within APEC

BK1409044194 Singapore *THE STRAITS TIMES* in English 13 Sep 94 p 5

[Report by Han Fook Kwang in Sydney]



[Text] There is a role for the proposed East Asia Economic Caucus [EAEC] within the Asia-Pacific Economic Cooperation [APEC] forum, after Apec has succeeded as an organisation, Mr. Goh Chok Tong said last night. And if Australia could convince Asians that it was a part of Asia, it would be welcome to join the EAEC, he added.

Replying to a question on Singapore's position on EAEC, following his Asia-Australia Institute lecture, he said the EAEC would have to operate under three conditions.

It had to be consistent with the General Agreement on Tariffs and Trade, it should not undermine Asean and it should operate within Apec.

If these conditions were met, he could see the EAEC as a caucus of East Asian countries working within Apec to achieve Apec's objectives.

"If we discuss the pace of liberalisation in trade or if we're looking for ways to facilitate investments, I think there's a role for Asians to have their own discussions in a very loose format before we meet at Apec," he said.

The EAEC was proposed by Malaysian Premier Datuk Sri Dr. Mahathir Mohamed as a counter to other economic groupings such as the European Union.

Turning to Australia's position on the EAEC, he said that the way Dr. Mahathir had conceived it, the EAEC was for Asians. As far as Singapore was concerned, Mr. Goh said, if Australia could convince the other Asian countries that it was a part of Asia, it would be welcomed in. "So I would urge Australia to exert more effort to become a part of Asia."

Asked what Australia had to do to be accepted by Asians, Mr. Goh said it should be more sensitive to the way Asians behaved. He added that he thought Australian Premier Paul Keating had shown this in his dealings with the Indonesian leader, President Suharto.

#### **Keating Hosts Luncheon for Goh**

*BK1309141494 Singapore Singapore Broadcasting Corporation in English 1100 GMT 13 Sep 94*

[Text] Prime Minister Goh Chok Tong said Australia and Singapore have agreed on a regional partnership to invest in emerging Asian economies. He said Singapore will work with Australia to boost trade and investments in the region. Mr. Goh also spoke of growing areas and opportunities for bilateral cooperation.

Speaking at a lunch hosted by Australian Prime Minister Paul Keating, Mr. Goh welcomed Australia's vision of closer links with its Asian neighbors. He also commended Australia's active role in promoting APEC [Asia-Pacific Economic Cooperation], without which the group may have been stillborn. Both prime ministers said they would give President Suharto every support in the upcoming leaders meeting in Bogor. Mr. Goh said he

would consider the meeting a success if it ends with a clear declaration that free trade would be achieved by a certain date.

On his part, Prime Minister Paul Keating said Singapore is Australia's most important investment and trading partner in ASEAN. He said the two countries share an understanding that strategic alliances can be critical to winning contracts in ASEAN. Mr. Keating said the wider regional interest of Singapore and Australia are converging.

Earlier, the two leaders announced the setting up of a Singapore-Australia Business Council. Its main purpose is to seek joint business ventures in third country markets. In line with this, Mr. Goh and Mr. Keating announced the setting up of a fund worth 2 million Australia dollars. It will be used for feasibility studies for projects by the private sectors of both countries.

Tourism investments in Australia were also discussed. Mr. Keating suggested that Singapore companies invest in tourist resorts in areas such as Cairns and the west coast of Australia. These resorts, he said, could cater to Singaporean tourists.

On defense relations, the two prime ministers said they were happy with the rapidly progressing ties. They discussed further collaboration in army training as well as joint exercises.

Summing up his meeting with Mr. Keating today, Mr. Goh described their talks as good, substantive, and productive. He said Australia and Singapore enjoy a warm, friendly, and solid relationship. The future looks good, he said, for Singapore and Australia to work together in many areas.

#### **Keating, Goh Cited on Talks**

*LD1309091494 Melbourne Radio Australia in English 0800 GMT 13 Sep 94*

[Text] Singapore's Prime Minister Goh Chok Tong says Malaysia's proposal for an economic caucus of East Asian nations must be compatible with APEC, the Asia-Pacific Economic cooperation forum. Speaking in Canberra after talks with Australia's Prime Minister Paul Keating, Mr. Goh said Singapore and Australia attached great importance to APEC and wanted it to succeed. Mr. Goh said APEC served broad interests in engaging the United States in the region and preventing America from turning inwards.

By contrast he said Malaysia's Prime Minister Dr. Mahathir Mohamad believes more in the proposed East Asia economic caucus than in APEC. Mr. Goh said Singapore's position was that he supported the caucus concept provided it was consistent with the General Agreement on Tariffs and Trade, did not undermine ASEAN, and was compatible with APEC. Commenting on his talks with the Singaporean leader, Mr. Keating said he and Mr. Goh had a fairly close view on how APEC should develop.



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